
ANNUAL FINANCIAL REPORT MACON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



**ANNUAL FINANCIAL REPORT
MACON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2013**

***COMPTROLLER OF THE TREASURY
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This financial report is available at www.comptroller.tn.gov

MACON COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Macon County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Macon County as of and for the year ended June 30, 2013.

Results

Our report on Macon County's financial statements is unmodified.

Our audit resulted in ten findings and recommendations, which we have reviewed with Macon County management. The detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practices

The following is a summary of the audit findings and best practices:

OFFICE OF COUNTY MAYOR

- ◆ Material audit adjustments were required for proper financial statement presentation.
 - ◆ The Codes Enforcement Office did not have adequate controls for its computer application.
-

OFFICE OF SUPERVISOR OF ROADS

- ◆ Material audit adjustments were required for proper financial statement presentation.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a cash overdraft.
-

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

- ◆ Deficiencies were noted in the maintenance of accounting records.
-

OFFICE OF REGISTER OF DEEDS

- ◆ The office maintained a duplicate set of accounting records.
-

OFFICE OF SHERIFF

- ◆ Several transactions were not posted to the official cash journal.
 - ◆ The sheriff did not obtain a letter of agreement or court decree to authorize deputy hires.
-

OFFICES OF COUNTY MAYOR; SUPERVISOR OF ROADS; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; AND REGISTER OF DEEDS

- ◆ Duties were not segregated adequately.
-

OFFICES OF COUNTY CLERK AND REGISTER OF DEEDS

- ◆ Multiple employees operated from the same cash drawer.
-

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Macon County.

- Macon County should adopt a central system of accounting, budgeting, and purchasing.
- Macon County should establish an Audit Committee.

INTRODUCTORY SECTION

Macon County Officials

June 30, 2013

Officials

Shelvy Linville, County Mayor
Audie Cook, Supervisor of Roads
Margaret Oldham, Director of Schools
Diane Cook, Trustee
Rick Shoulders, Assessor of Property
James Howser, County Clerk
Rick Gann, Circuit, General Sessions, and Juvenile Courts Clerk
Kristin Reid, Clerk and Master
Melinda Ferguson, Register of Deeds
Mark Gammons, Sheriff

Board of County Commissioners

Shelvy Linville, County Mayor, Chairman
Cathy White
Chris Wix
Kenneth Witte
Jeff Hughes
Todd Doss
Phillip Snow
Jerry Ray
Scott Gammons
Larry Tucker
Michelle Phillips

Bryan Carter
Tony Boles
Anthony Bullington
Ron Morey
Ronnie McDuffee
Helen Hesson
Wendell Jones
Dewayne Whittemore
Benton Bartley
Rosetta Day Driver

Purchasing Commission

Shelvy Linville, County Mayor
James Howser, County Clerk
Kristin Reid, Clerk and Master

Board of Education

Bill Wilmore, Chairman
Jimmy Cook
Jeff Harper
Rebekah Tuttle
Steve Walton

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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Independent Auditor's Report

Macon County Mayor and
Board of County Commissioners
Macon County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Macon County Emergency Communications District, which represent 3.14 percent, 5.49 percent, and 2.14 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Macon County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards

require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Tennessee, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note V.B., Macon County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Macon County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plan on pages 67-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Macon County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Macon County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Macon County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures

in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Macon County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2013, on our consideration of Macon County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Macon County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 16, 2013

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Macon County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government Governmental Activities	Component Units	
		Macon County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 5,532,621	\$ 0	\$ 417,445
Equity in Pooled Cash and Investments	19,853	3,923,067	0
Accounts Receivable	1,719,346	0	14,081
Allowance for Uncollectibles	(917,150)	0	0
Due from Other Governments	432,675	621,407	9,071
Due from Component Units	4,978,754	0	0
Prepaid Items	0	0	13,573
Property Taxes Receivable	5,156,931	3,180,872	0
Allowance for Uncollectible Property Taxes	(169,923)	(104,811)	0
Capital Assets:			
Assets Not Depreciated:			
Land	778,506	346,263	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,386,352	11,442,706	44,224
Infrastructure	14,940,650	0	0
Other Capital Assets	1,844,926	1,952,755	195,063
Total Assets	<u>\$ 41,703,541</u>	<u>\$ 21,362,259</u>	<u>\$ 693,457</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 24,087	\$ 828
Payroll Deductions Payable	22,991	27,872	1,726
Cash Overdraft	0	11,231	0
Due to Primary Government	0	4,978,754	0
Due to State of Tennessee	0	7,655	0
Accrued Interest Payable	122,670	30,016	0
Other Current Liabilities	1,100	0	0
Noncurrent Liabilities:			
Due Within One Year	2,146,887	0	14,466
Due in More Than One Year	11,616,435	1,730,269	5,493
Total Liabilities	<u>\$ 13,910,083</u>	<u>\$ 6,809,884</u>	<u>\$ 22,513</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 4,851,452	\$ 2,992,448	\$ 0
Total Deferred Inflows of Resources	<u>\$ 4,851,452</u>	<u>\$ 2,992,448</u>	<u>\$ 0</u>

(Continued)

Exhibit A

Macon County, Tennessee
Statement of Net Position (Cont.)

	Primary Government Governmental Activities	Component Units	
		Macon County School Department	Emergency Communica- tions District
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 18,685,943	\$ 13,741,724	\$ 219,327
Restricted for:			
Debt Service	3,085,671	0	0
School Federal Projects	0	79,884	0
General Government	160,910	0	0
Administration of Justice	50,252	0	0
Public Safety	75,430	0	0
Public Health and Welfare	109,093	0	0
Social, Cultural, and Recreational Services	200,000	0	0
Highway	978,930	0	0
Drivers Education	0	42,807	0
Technology	0	31,505	0
Unrestricted	(404,223)	(2,335,993)	451,617
Total Net Position	\$ 22,942,006	\$ 11,559,927	\$ 670,944

The notes to the financial statements are an integral part of this statement.

Exhibit B

Macon County, Tennessee
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Total Governmental Activities	Macon County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 1,279,952	\$ 199,435	\$ 252,326	\$ 196,302	\$ (631,889)	\$ 0	\$ 0
Finance	711,077	534,318	0	0	(176,759)	0	0
Administration of Justice	862,226	491,133	26,100	0	(344,993)	0	0
Public Safety	3,267,151	1,134,190	4,580	0	(2,128,381)	0	0
Public Health and Welfare	2,426,549	1,619,581	132,311	0	(674,657)	0	0
Social, Cultural, and Recreational Services	229,814	22,025	0	200,000	(7,789)	0	0
Agriculture and Natural Resources	67,909	384	0	0	(67,525)	0	0
Other Operations	382,121	18	0	0	(382,103)	0	0
Highways/Public Works	2,461,937	4,533	1,577,270	220,100	(660,034)	0	0
Interest on Long-term Debt	322,405	0	0	0	(322,405)	0	0
Other Debt Service	68,351	0	0	0	(68,351)	0	0
Total Primary Government	\$ 12,079,492	\$ 4,005,617	\$ 1,992,587	\$ 616,402	\$ (5,464,886)	\$ 0	\$ 0
Component Units:							
Macon County School Department	\$ 28,992,932	\$ 121,900	\$ 3,234,430	\$ 0	\$ 0	\$ (25,636,602)	\$ 0
Emergency Communications District	488,336	171,196	206,896	0	0	0	(110,244)
Total Component Units	\$ 29,481,268	\$ 293,096	\$ 3,441,326	\$ 0	\$ 0	\$ (25,636,602)	\$ (110,244)

(Continued)

Exhibit B

Macon County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
				Primary Government Total Governmental Activities	Macon County School Department	Emergency Communica- tions District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes		\$ 4,740,406		\$ 2,935,367	\$ 0	0
Local Option Sales Tax		298,534		1,824,001	0	0
Interstate Telecommunications Tax		1,356		1,811	0	0
Wheel Tax		1,182,599		0	0	0
Litigation Tax		148,159		0	0	0
Business Tax		149,198		0	0	0
Adequate Facilities/Development Tax		112,782		0	0	0
Wholesale Beer Tax		108,924		0	0	0
Grants and Contributions Not Restricted to Specific Purposes		604,573		20,686,765	251,542	251,542
Unrestricted Investment Earnings		41,668		0	1,157	1,157
Miscellaneous		177,690		87,128	1,869	1,869
Total General Revenues		\$ 7,565,889		\$ 25,535,072	\$ 254,568	254,568
Change in Net Position		\$ 2,101,003		\$ (101,530)	\$ 144,324	144,324
Net Position, July 1, 2012		20,841,003		11,661,457	526,620	526,620
Net Position, June 30, 2013		\$ 22,942,006		\$ 11,559,927	\$ 670,944	670,944

The notes to the financial statements are an integral part of this statement.

Exhibit C-1

Macon County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 270	\$ 0	\$ 0	\$ 19,583	\$ 19,853
Equity in Pooled Cash and Investments	1,536,216	724,315	3,068,341	203,749	5,532,621
Accounts Receivable	1,713,903	0	0	5,443	1,719,346
Allowance for Uncollectibles	(917,150)	0	0	0	(917,150)
Due from Other Governments	48,000	244,675	140,000	0	432,675
Due from Other Funds	982	0	0	0	982
Property Taxes Receivable	4,533,263	429,397	0	194,271	5,156,931
Allowance for Uncollectible Property Taxes	(149,373)	(14,149)	0	(6,401)	(169,923)
Total Assets	\$ 6,766,111	\$ 1,384,238	\$ 3,208,341	\$ 416,645	\$ 11,775,335
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 21,195	\$ 1,347	\$ 0	\$ 449	\$ 22,991
Due to Other Funds	0	0	0	982	982
Other Current Liabilities	1,100	0	0	0	1,100
Total Liabilities	\$ 22,295	\$ 1,347	\$ 0	\$ 1,431	\$ 25,073
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 4,264,728	\$ 403,961	\$ 0	\$ 182,763	\$ 4,851,452
Deferred Delinquent Property Taxes	108,288	10,257	0	4,641	123,186
Other Deferred/Unavailable Revenue	755,022	122,338	0	0	877,360
Total Deferred Inflows of Resources	\$ 5,128,038	\$ 536,556	\$ 0	\$ 187,404	\$ 5,851,998
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 129,278	\$ 0	\$ 0	\$ 31,632	\$ 160,910
Restricted for Administration of Justice	50,252	0	0	0	50,252
Restricted for Public Safety	12,201	0	0	63,229	75,430
Restricted for Public Health and Welfare	0	0	0	109,093	109,093
Restricted for Social, Cultural, and Recreational Services	200,000	0	0	0	200,000
Restricted for Highways/Public Works	0	846,335	0	0	846,335
Restricted for Debt Service	0	0	3,208,341	0	3,208,341
Committed:					
Committed for Finance	0	0	0	23,856	23,856
Unassigned	1,224,047	0	0	0	1,224,047
Total Fund Balances	\$ 1,615,778	\$ 846,335	\$ 3,208,341	\$ 227,810	\$ 5,898,264
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,766,111	\$ 1,384,238	\$ 3,208,341	\$ 416,645	\$ 11,775,335

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

Macon County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	5,898,264
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	778,506	
Add: buildings and improvements net of accumulated depreciation		7,386,352	
Add: infrastructure net of accumulated depreciation		14,940,650	
Add: other capital assets net of accumulated depreciation		<u>1,844,926</u>	24,950,434
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,000,546
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(9,227,130)	
Add: due from component unit for debt retirement		4,978,754	
Less: bonds payable		(3,830,660)	
Less: accrued interest on notes		(122,670)	
Less: compensated absences payable		(238,796)	
Less: landfill postclosure care costs		<u>(466,736)</u>	<u>(8,907,238)</u>
Net position of governmental activities (Exhibit A)			<u>\$ 22,942,006</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-3

Macon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 5,143,188	\$ 406,653	\$ 1,050,698	\$ 187,055	\$ 6,787,594
Licenses and Permits	45,234	0	938	0	46,172
Fines, Forfeitures, and Penalties	107,266	0	0	18,178	125,444
Charges for Current Services	1,671,611	0	0	351,950	2,023,561
Other Local Revenues	156,581	26,571	7,862	2,051	193,065
Fees Received from County Officials	685,559	0	0	0	685,559
State of Tennessee	524,448	1,694,087	932,513	11,917	3,162,965
Federal Government	443,644	112,283	0	0	555,927
Other Governments and Citizens Groups	396,421	0	909,982	0	1,306,403
Total Revenues	\$ 9,173,952	\$ 2,239,594	\$ 2,901,993	\$ 571,151	\$ 14,886,690
<u>Expenditures</u>					
Current:					
General Government	\$ 1,128,199	\$ 0	\$ 0	\$ 87,456	\$ 1,215,655
Finance	357,896	0	0	191,132	549,028
Administration of Justice	684,064	0	0	5,977	690,041
Public Safety	2,908,430	0	0	10,908	2,919,338
Public Health and Welfare	2,091,848	0	0	251,312	2,343,160
Social, Cultural, and Recreational Services	169,651	0	0	0	169,651
Agriculture and Natural Resources	67,909	0	0	0	67,909
Other Operations	1,126,005	0	0	0	1,126,005
Highways	0	2,529,582	0	0	2,529,582
Debt Service:					
Principal on Debt	0	0	1,906,633	0	1,906,633
Interest on Debt	0	0	334,402	0	334,402
Other Debt Service	0	0	68,351	0	68,351
Capital Projects	130,346	127,943	0	0	258,289
Total Expenditures	\$ 8,664,348	\$ 2,657,525	\$ 2,309,386	\$ 546,785	\$ 14,178,044
Excess (Deficiency) of Revenues Over Expenditures	\$ 509,604	\$ (417,931)	\$ 592,607	\$ 24,366	\$ 708,646
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 203,536	\$ 0	\$ 0	\$ 0	\$ 203,536
Refunding Debt Issued	0	0	3,830,660	0	3,830,660
Insurance Recovery	83,752	29,827	0	0	113,579
Transfers In	2,400	0	0	0	2,400
Transfers Out	0	(2,400)	0	0	(2,400)
Payments to Refunded Debt Escrow Agent	0	0	(3,830,660)	0	(3,830,660)
Total Other Financing Sources (Uses)	\$ 289,688	\$ 27,427	\$ 0	\$ 0	\$ 317,115
Net Change in Fund Balances	\$ 799,292	\$ (390,504)	\$ 592,607	\$ 24,366	\$ 1,025,761
Fund Balance, July 1, 2012	816,486	1,236,839	2,615,734	203,444	4,872,503
Fund Balance, June 30, 2013	\$ 1,615,778	\$ 846,335	\$ 3,208,341	\$ 227,810	\$ 5,898,264

The notes to the financial statements are an integral part of this statement.

Exhibit C-4

Macon County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,025,761
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital outlays in the current period	\$ 926,998	
Less: current-year depreciation	<u>(704,137)</u>	222,861
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets		(63,511)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2012	\$ (1,023,948)	
Add: deferred delinquent property taxes and other deferred June 30, 2013	<u>1,000,546</u>	(23,402)
(4) The issuance of long-term debt (e.g., notes, bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Less: note proceeds	\$ (203,536)	
Less: refunding bond proceeds	(3,830,660)	
Less: debt service contributions for principal to primary government	(773,972)	
Add: principal payments on notes	1,398,188	
Add: principal payments on other loans	508,445	
Add: payment to refunding agent	<u>3,830,660</u>	929,125
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 11,997	
Change in landfill postclosure care costs	223	
Change in compensated absences payable	<u>(2,051)</u>	<u>10,169</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,101,003</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-5

Macon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,143,188	\$ 5,009,966	\$ 5,009,966	\$ 133,222
Licenses and Permits	45,234	44,900	44,900	334
Fines, Forfeitures, and Penalties	107,266	105,128	105,128	2,138
Charges for Current Services	1,671,611	1,533,000	1,595,639	75,972
Other Local Revenues	156,581	173,163	297,798	(141,217)
Fees Received from County Officials	685,559	828,500	828,500	(142,941)
State of Tennessee	524,448	768,772	537,408	(12,960)
Federal Government	443,644	112,375	354,737	88,907
Other Governments and Citizens Groups	396,421	50,000	252,000	144,421
Total Revenues	\$ 9,173,952	\$ 8,625,804	\$ 9,026,076	\$ 147,876
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 58,412	\$ 66,412	\$ 66,412	\$ 8,000
Board of Equalization	2,400	2,500	2,500	100
Beer Board	253	350	350	97
Budget and Finance Committee	445	1,200	1,200	755
Other Boards and Committees	1,428	2,000	2,000	572
County Mayor/Executive	203,385	218,290	218,290	14,905
County Attorney	7,330	9,076	9,076	1,746
Election Commission	150,810	158,640	158,640	7,830
Register of Deeds	128,271	128,470	128,470	199
Planning	54,544	58,995	58,995	4,451
County Buildings	196,601	121,988	214,810	18,209
Other Facilities	296,008	298,280	298,281	2,273
Other General Administration	1,398	1,399	1,399	1
Preservation of Records	10,086	10,117	10,117	31
Risk Management	16,828	17,765	17,368	540
<u>Finance</u>				
Central Services	10,415	13,364	12,164	1,749
Property Assessor's Office	142,050	144,999	145,138	3,088
Reappraisal Program	6,227	6,700	6,561	334
County Trustee's Office	159,462	163,952	163,952	4,490
County Clerk's Office	39,742	234,828	234,828	195,086
<u>Administration of Justice</u>				
Circuit Court	296,903	286,286	309,019	12,116
General Sessions Court	108,084	109,432	109,432	1,348
Chancery Court	124,469	130,458	130,614	6,145
Juvenile Court	35,939	45,345	45,345	9,406
Judicial Commissioners	26,079	27,940	27,940	1,861
Probation Services	92,590	94,183	94,183	1,593
<u>Public Safety</u>				
Sheriff's Department	1,529,524	1,423,782	1,586,525	57,001
Administration of the Sexual Offender Registry	1,337	1,200	3,750	2,413
Jail	1,214,923	1,194,522	1,279,070	64,147
Workhouse	60,771	66,010	66,010	5,239
Fire Prevention and Control	2,791	6,660	6,660	3,869

(Continued)

Exhibit C-5

Macon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund (Cont.)

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Rural Fire Protection	\$ 12,920	\$ 16,000	\$ 16,000	\$ 3,080
Civil Defense	13,008	15,348	15,348	2,340
Rescue Squad	7,435	8,900	8,900	1,465
Disaster Relief	8,984	13,400	13,400	4,416
Other Emergency Management	22,976	22,732	23,565	589
County Coroner/Medical Examiner	20,055	23,600	23,600	3,545
Other Public Safety	13,706	15,302	15,302	1,596
<u>Public Health and Welfare</u>				
Local Health Center	25,491	30,900	30,900	5,409
Rabies and Animal Control	26,118	26,780	27,420	1,302
Ambulance/Emergency Medical Services	1,797,481	1,809,275	1,820,913	23,432
Crippled Children Services	1,439	1,439	1,439	0
Other Local Health Services	89,883	117,200	117,200	27,317
Regional Mental Health Center	7,953	7,953	7,953	0
Appropriation to State	41,900	41,900	41,900	0
Other Local Welfare Services	101,583	58,223	103,223	1,640
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	6,000	6,000	6,000	0
Senior Citizens Assistance	12,000	12,000	12,000	0
Libraries	139,158	135,549	346,658	207,500
Parks and Fair Boards	12,493	16,630	16,630	4,137
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	37,909	50,779	50,779	12,870
Soil Conservation	30,000	30,000	30,000	0
<u>Other Operations</u>				
Tourism	1,381	3,000	3,000	1,619
Industrial Development	319,745	319,876	319,876	131
Veterans' Services	23,934	23,959	23,959	25
Other Charges	737,273	729,739	731,336	(5,937)
Contributions to Other Agencies	12,621	12,450	12,650	29
Employee Benefits	25,340	29,000	28,800	3,460
Miscellaneous	5,711	6,012	6,112	401
<u>Support Services</u>				
Other Programs	0	2,050	1,950	1,950
<u>Capital Projects</u>				
Public Safety Projects	110,182	112,375	112,375	2,193
Highway and Street Capital Projects	20,164	20,164	20,164	0
Total Expenditures	\$ 8,664,348	\$ 8,763,678	\$ 9,398,451	\$ 734,103
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 509,604	\$ (137,874)	\$ (372,375)	\$ 881,979
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 203,536	\$ 61,514	\$ 203,536	\$ 0
Insurance Recovery	83,752	57,375	83,752	0
Transfers In	2,400	0	36,500	(34,100)
Total Other Financing Sources	\$ 289,688	\$ 118,889	\$ 323,788	\$ (34,100)

(Continued)

Exhibit C-5

Macon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund (Cont.)

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Net Change in Fund Balance	\$ 799,292	\$ (18,985)	\$ (48,587)	\$ 847,879
Fund Balance, July 1, 2012	816,486	731,569	731,569	84,917
Fund Balance, June 30, 2013	\$ 1,615,778	\$ 712,584	\$ 682,982	\$ 932,796

The notes to the financial statements are an integral part of this statement.

Exhibit C-6

Macon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 406,653	\$ 404,122	\$ 404,122	\$ 2,531
Other Local Revenues	26,571	8,100	33,964	(7,393)
State of Tennessee	1,694,087	2,566,723	2,566,723	(872,636)
Federal Government	112,283	171,000	283,283	(171,000)
Total Revenues	<u>\$ 2,239,594</u>	<u>\$ 3,149,945</u>	<u>\$ 3,288,092</u>	<u>\$ (1,048,498)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 141,714	\$ 144,863	\$ 146,363	\$ 4,649
Highway and Bridge Maintenance	1,405,201	1,400,806	1,516,833	111,632
Operation and Maintenance of Equipment	272,355	283,720	305,220	32,865
Other Charges	121,784	127,055	128,755	6,971
Employee Benefits	231,500	246,148	246,648	15,148
Capital Outlay	357,028	1,555,509	1,582,255	1,225,227
<u>Capital Projects</u>				
Highway and Street Capital Projects	127,943	394,111	394,111	266,168
Total Expenditures	<u>\$ 2,657,525</u>	<u>\$ 4,152,212</u>	<u>\$ 4,320,185</u>	<u>\$ 1,662,660</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (417,931)</u>	<u>\$ (1,002,267)</u>	<u>\$ (1,032,093)</u>	<u>\$ 614,162</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 29,827	\$ 0	\$ 29,827	\$ 0
Transfers Out	(2,400)	(2,400)	(2,400)	0
Total Other Financing Sources	<u>\$ 27,427</u>	<u>\$ (2,400)</u>	<u>\$ 27,427</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (390,504)	\$ (1,004,667)	\$ (1,004,666)	\$ 614,162
Fund Balance, July 1, 2012	<u>1,236,839</u>	<u>1,161,967</u>	<u>1,161,967</u>	<u>74,872</u>
Fund Balance, June 30, 2013	<u>\$ 846,335</u>	<u>\$ 157,300</u>	<u>\$ 157,301</u>	<u>\$ 689,034</u>

The notes to the financial statements are an integral part of this statement.

Exhibit D

Macon County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 398,876
Accounts Receivable	16,156
Due from Other Governments	<u>264,050</u>
Total Assets	<u>\$ 679,082</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 264,050
Due to Litigants, Heirs, and Others	<u>415,032</u>
Total Liabilities	<u>\$ 679,082</u>

The notes to the financial statements are an integral part of this statement.

MACON COUNTY, TENNESSEE
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MACON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Macon County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Macon County:

A. Reporting Entity

Macon County is a public municipal corporation governed by an elected 20-member board. As required by GAAP, these financial statements present Macon County (the primary government) and its component units. Although required by GAAP, the financial statements of the Public Library Fund, a nonmajor special revenue fund, were not available from other auditors in time for inclusion in this report. However, the omission of the Public Library Fund is not material to the aggregate remaining fund information opinion unit. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Macon County School Department operates the public school system in the county, and the voters of Macon County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Macon County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Macon County, and the Macon County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Macon County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of

the School Department are included in this report as listed in the table of contents. Complete financial statements of the Macon County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Macon County Emergency Communications District
898 Hwy 52 By-Pass E
Lafayette, TN 37083

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Macon County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Macon County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Macon County issues all debt for the discretely presented Macon County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2013.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Macon County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, Macon County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. Fiduciary funds are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Macon County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not

measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Macon County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, Macon County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Macon County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Macon County School Department reports the following major governmental fund:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Additionally, the Macon County School Department reports the following fund type:

Special Revenue Fund – The School Federal Projects Fund accounts for and reports the proceeds of specific revenue sources that are restricted to expenditure for specific federal education programs.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and

contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Public Library Fund) and the discretely presented Macon County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Macon County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to three percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Improvements	5 - 40
Other Capital Assets	5 - 20
Infrastructure:	
Roads	20 - 50
Bridges	75
Waterway	30 - 50

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Macon County had no deferred outflow of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Macon County has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from several sources: current property taxes, delinquent property taxes, local option sales tax, gasoline and motor fuel taxes, petroleum taxes, and patient charges. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation (excluding the Highway Department, which closes

the week of Christmas and the week of July 4th for vacation) and sick leave benefits. There is no liability for unpaid accumulated sick leave (excluding the Highway Department, which guarantees payment) since Macon County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

It is the School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Custodians, maintenance employees, mechanics, bookkeepers, and cafeteria managers are paid for all unused sick leave at the end of the fiscal year. The School Department's leave policy does not guarantee payment for accumulated vacation when employees separate from service with the department.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, landfill postclosure care costs, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Position and Fund Balance

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2013, Macon County had \$6,793,299 in outstanding debt for capital purposes for the discretely presented Macon County School Department. This debt is a liability of Macon County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Macon County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. **Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position**

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Macon County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Macon County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees (special revenue fund), which is not budgeted. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Budget and Finance Committee, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major

categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

B. Cash Overdraft

The School Federal Projects Fund had a cash overdraft of \$11,231 at June 30, 2013. Sound business practices dictate that expenditures be held within available funds. The cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Macon County and the Macon County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured

amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller’s Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2013.

B. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets				
Not Depreciated:				
Land	\$ 778,506	\$ 0	\$ 0	\$ 778,506
Total Capital Assets				
Not Depreciated	\$ 778,506	\$ 0	\$ 0	\$ 778,506
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 10,536,290	\$ 108,091	\$ 0	\$ 10,644,381
Infrastructure	17,796,769	474,208	0	18,270,977
Other Capital Assets	4,503,343	344,699	(184,601)	4,663,441
Total Capital Assets				
Depreciated	\$ 32,836,402	\$ 926,998	\$ (184,601)	\$ 33,578,799

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,037,052	\$ 220,977	\$ 0	\$ 3,258,029
Infrastructure	3,174,290	156,037	0	3,330,327
Other Capital Assets	2,612,482	327,123	(121,090)	2,818,515
Total Accumulated Depreciation	<u>\$ 8,823,824</u>	<u>\$ 704,137</u>	<u>\$ (121,090)</u>	<u>\$ 9,406,871</u>
Total Capital Assets Depreciated, Net	<u>\$ 24,012,578</u>	<u>\$ 222,861</u>	<u>\$ (63,511)</u>	<u>\$ 24,171,928</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,791,084</u>	<u>\$ 222,861</u>	<u>\$ (63,511)</u>	<u>\$ 24,950,434</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 12,027
Administration of Justice	110,735
Public Safety	111,885
Public Health and Welfare	152,742
Social, Cultural, and Recreational	42,111
Other Operations	18,730
Highway/Public Works	<u>255,907</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 704,137</u>

Discretely Presented Macon County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets				
Not Depreciated:				
Land	\$ 346,263	\$ 0	\$ 0	\$ 346,263
Total Capital Assets				
Not Depreciated	\$ 346,263	\$ 0	\$ 0	\$ 346,263
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 23,519,182	\$ 0	\$ 0	\$ 23,519,182
Other Capital Assets	4,307,212	268,737	(213,703)	4,362,246
Total Capital Assets				
Depreciated	\$ 27,826,394	\$ 268,737	\$ (213,703)	\$ 27,881,428
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 11,465,990	\$ 610,486	\$ 0	\$ 12,076,476
Other Capital Assets	2,408,793	214,401	(213,703)	2,409,491
Total Accumulated				
Depreciation	\$ 13,874,783	\$ 824,887	\$ (213,703)	\$ 14,485,967
Total Capital Assets				
Depreciated, Net	\$ 13,951,611	\$ (556,150)	\$ 0	\$ 13,395,461
Governmental				
Activities Capital				
Assets, Net	\$ 14,297,874	\$ (556,150)	\$ 0	\$ 13,741,724

Depreciation expense was charged to functions of the discretely presented Macon County School Department as follows:

Governmental Activities:

Instruction	\$ 610,486
Support Services	<u>214,401</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 824,887</u></u>

C. Interfund Receivables, Payables, and Transfers

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General Debt Service	Component Unit: School Department: General Purpose School	\$ 4,978,754

The due to the primary government is the balance of two notes issued by the county for the School Department. The School Department has agreed to contribute the funds necessary to retire these notes.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u>
	General Fund
Highway/Public Works Fund	\$ 2,400

Discretely Presented Macon County School Department

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
School Federal Projects Fund	\$ 16,969

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

Macon County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to eight years for bonds and up to 13 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds	1.96 %	6-1-19	\$ 3,830,660	\$ 3,830,660
Capital Outlay Notes	0 to 3.94	3-1-24	13,064,471	9,227,130

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2013, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 638,160	\$ 75,289	\$ 713,449
2015	638,500	62,573	701,073
2016	638,500	50,058	688,558
2017	638,500	37,544	676,044
2018	638,500	25,030	663,530
2019	638,500	12,515	651,015
Total	\$ 3,830,660	\$ 263,009	\$ 4,093,669

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 1,453,731	\$ 292,621	\$ 1,746,352
2015	1,470,139	245,631	1,715,770
2016	1,455,539	197,108	1,652,647
2017	1,350,980	149,575	1,500,555
2018	1,330,082	104,964	1,435,046
2019-2023	2,037,845	119,556	2,157,401
2024	128,814	407	129,221
Total	<u>\$ 9,227,130</u>	<u>\$ 1,109,862</u>	<u>\$ 10,336,992</u>

There is \$3,208,341 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes totaled \$587, based on the 2010 federal census.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

Description of Indebtedness	Outstanding 6-30-13
<u>Notes Payable</u>	
<u>Payable through General Purpose School Fund</u>	
School Refunding	\$ 2,992,823
Energy Efficiency Loan	<u>1,985,931</u>
Total	<u>\$ 4,978,754</u>

Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2012	\$ 0	\$ 4,669,056	\$ 4,339,105
Reclassification of School Debt	0	5,752,726	0
Additions	3,830,660	203,536	0
Reductions	0	(1,398,188)	(4,339,105)
Balance, June 30, 2013	<u>\$ 3,830,660</u>	<u>\$ 9,227,130</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 638,160</u>	<u>\$ 1,453,731</u>	<u>\$ 0</u>

	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2012	\$ 236,745	\$ 466,959
Additions	6,004	8,703
Reductions	(3,953)	(8,926)
Balance, June 30, 2013	<u>\$ 238,796</u>	<u>\$ 466,736</u>
Balance Due Within One Year	<u>\$ 23,880</u>	<u>\$ 31,116</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 13,763,322
Less: Balance Due Within One Year	<u>(2,146,887)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 11,616,435</u>

Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Discretely Presented Macon County School Department

Changes in Long-term Obligations

Long-term obligation activity for the discretely presented Macon County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Notes	Other Postemployment Benefits
Balance, July 1, 2012	\$ 5,752,726	\$ 1,418,328
Additions	0	460,512
Reductions	0	(148,571)
Reclassification of School Debt	<u>(5,752,726)</u>	<u>0</u>
Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 1,730,269</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 1,730,269
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,730,269</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

Current Refunding

On May 30, 2013, Macon County advance refunded two other loans with a separate general obligation bond issue. The county issued \$3,830,660 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the current refunding, total debt service payments over the next six years will be reduced by \$337,960.

E. On-Behalf Payments – Discretely Presented Macon County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Macon County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$97,403 and \$18,578, respectively. The School

Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Macon County and the discretely presented Macon County School Department decided to purchase commercial insurance for the risks of employee health losses for the primary government and the School Department's non-certified personnel to which it is exposed. Pre-65 retirees are not allowed to participate in the plan. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Macon County is exposed to various risks related to general liability, property, casualty, and workers' compensation. The primary government decided it was more economically feasible to join a public entity risk pool than to purchase commercial insurance for general liability, property, casualty, and workers' compensation coverage. The government's risks of loss relating to general liability, property, and casualty are covered by participation in the Local Government Property and Casualty Fund (LGPCF). The government's risks of loss relating to workers' compensation are covered by participation in the Local Government Workers' Compensation Fund (LGWCF). These funds are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the LGPCF and the LGWCF for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the LGPCF and the LGWCF provide for them to be self-sustaining through member's premiums.

The School Department participates in the Local Education Group Insurance Fund (LEGIF) for its certified personnel, a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk of losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

The School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Macon County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets

and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66, decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modified guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Event

On August 19, 2013, Macon County authorized capital outlay notes totaling \$72,000 for a library roof.

D. Contingent Liabilities

The county is involved in one pending lawsuit. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

E. Landfill Closure/Postclosure Care Costs

Macon County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Macon County closed its sanitary landfill in 1998. The \$466,736 reported as postclosure care liability at June 30, 2013, represents amounts based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Macon County Joint Economic and Community Development/Industrial Board is a joint venture between Macon County and the cities of Lafayette and Red Boiling Springs. The board comprises the county mayor, city mayors,

and five additional members. The purpose of the board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The county and cities will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county when financial activity begins. During the year ended June 30, 2013, the county did not appropriate any operating subsidies to the Macon County Joint Economic and Community Development/Industrial Board.

G. Retirement Commitments

Information for this footnote for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2012.

Plan Description

Employees of Macon County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Macon County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Macon County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 6.86 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, the county's annual pension cost of \$598,040 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was seven years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$598,040	100%	\$0
6-30-11	524,616	100	0
6-30-10	562,758	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 98.43 percent funded. The actuarial accrued liability for benefits was \$12.8 million, and the actuarial value of assets was \$12.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.2 million. The covered payroll (annual payroll of active employees covered by the plan) was

\$8.24 million, and the ratio of the UAAL to the covered payroll was 2.44 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

The Macon County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer

rate for the fiscal year ended June 30, 2012, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2012, 2011, and 2010, were \$1,118,465, \$1,115,176, and \$769,026, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by *Tennessee Code Annotated (TCA) 8-27-302*. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered medicare supplement plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2013, the School Department made contributions totaling \$148,571 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Insurance Plan
	<hr/>
ARC	\$ 464,000
Interest on the NOPEBO	56,733
Adjustment to the ARC	(60,221)
Annual OPEB cost	<hr/> \$ 460,512
Amount of contribution	(148,571)
Increase/decrease in NOPEBO	<hr/> \$ 311,941
Net OPEB obligation, 7-1-12	<hr/> 1,418,328
	<hr/>
Net OPEB obligation, 6-30-13	<u><u>\$ 1,730,269</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>		<hr/>		
6-30-11	Local Education Group	\$ 400,039	34	% \$ 1,104,738
6-30-12	"	456,282	31	1,418,328
6-30-13	"	460,512	32	1,730,269

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Insurance Plan
	<hr/>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 4,130,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,130,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 11,909,000
UAAL as a % of covered payroll	35%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2011, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, *Tennessee Code Annotated (TCA)*, and Chapter 161, Private Acts of 1937. The private act provides for a purchasing committee, including the county mayor, county clerk, and clerk and master, to make all purchases for all county departments except the Highway and the School departments. The County Purchasing Law of 1983 provides for purchases exceeding \$10,000 to be made on a competitive basis after public advertisement.

Office of Supervisor of Roads

Purchasing procedures for the Office of Supervisor of Roads are governed by Chapter 234, Private Acts of 1965, as amended, and the Uniform Road Law, Section 54-7-113, *TCA*. These statutes provide for the supervisor of roads to

make all purchases and for all purchases exceeding \$10,000 to be made on a competitive basis solicited through public advertisement.

Office of Director of Schools

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisements on all purchases exceeding \$10,000.

VI. OTHER NOTES – DISCRETELY PRESENTED MACON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

The Macon County Emergency Communications District was established for the purpose of providing an enhanced level of 911 service to the Macon County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Macon County. The Macon County Emergency Communications District is run by a board of directors appointed by Macon County. The district must file a budget with Macon County each year. Any bond issued by the district is subject to approval by Macon County.

The district uses the accrual basis of accounting and economic resources measurement focus. Revenues are recognized when earned, and expenses are recognized when incurred. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board. As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Board has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

Depreciation – Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives using the straight-line method. All assets purchased under \$2,500 are expensed. Depreciation begins when the assets are placed in service. Depreciation is summarized as follows:

<u>Assets</u>	<u>Method</u>	<u>Estimated Useful Life</u>	<u>2013 Depreciation</u>
Building and Improvements	S/L	5-15 Years	\$ 8,231
Furniture and Fixtures	S/L	5-10 Years	0
Office Equipment	S/L	5-7 Years	5,224
Communications Equipment	S/L	3-12 Years	66,559
Vehicles	S/L	5 Years	<u>5,840</u>
Total			<u>\$ 85,854</u>

Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges. The district's non-operating revenue consists of grants and reimbursements given by the State Emergency Communications Board to help the district employ a dispatcher and interest.

B. Cash and Cash Investments

The following is a schedule of bank accounts at June 30, 2013:

Checking - Citizens Bank	\$ 191,859
Money Market - Macon Bank & Trust	<u>225,586</u>
Total	<u>\$ 417,445</u>

At June 30, 2013, the carrying amount of the Macon County Emergency Communications District's cash deposits was \$417,445. The district's accounts are covered up to \$250,000 by the FDIC. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, *Tennessee Code Annotated*.

C. Bonding

Macon County Emergency Communications District has a bond covering certain members of the board at June 30, 2013. Other risk areas include theft, property damage, and public liability. The district carries general liability insurance as well as insurance that cover all equipment, building, and vehicles. There have been no losses or settlements that exceeded this coverage during the past three years.

D. Subsequent Events

The district has evaluated subsequent events through September 16, 2013, the date in which the financial statements were available to be issued.

E. Capital Assets

The following is a schedule of equipment at June 30, 2013:

<u>Assets</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Building and Improvements	\$ 70,506	\$ 26,282	\$ 44,224
Furniture and Fixtures	3,791	3,791	0
Office Equipment	169,520	159,314	10,206
Communications Equipment	547,467	373,317	174,150
Vehicles	29,200	18,493	10,707
Total	<u>\$ 820,484</u>	<u>\$ 581,197</u>	<u>\$ 239,287</u>

<u>Assets</u>	<u>Balance 6-30-12</u>	<u>Additions</u>	<u>Balance 6-30-13</u>
Building and Improvements	\$ 70,506	\$ 0	\$ 70,506
Furniture and Fixtures	3,791	0	3,791
Office Equipment	160,121	9,399	169,520
Communications Equipment	515,579	31,888	547,467
Vehicles	29,200	0	29,200
Total	<u>\$ 779,197</u>	<u>\$ 41,287</u>	<u>\$ 820,484</u>

F. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

G. Accounts Receivable/Due from State Emergency Communications Board

The amounts due to the district from subscriber services and wireless charges include the following:

North Central Telephone Co-op	\$ 14,069
Misc. Wireless Charges	<u>12</u>
Total Accounts Receivable	\$ 14,081
State Emergency Communications Board	<u>9,071</u>
Total Due from State and Accounts Receivable	<u><u>\$ 23,152</u></u>

H. Compensated Absences

The district has one full-time and one part-time employee. The board had not adopted a policy for compensated absences as of June 30, 2013.

I. Calculation of Net Investment in Capital Assets

Net Book Value	\$	239,287
Current and Non-Current Debt		<u>(19,960)</u>
Net Investment in Capital Assets	\$	<u><u>219,327</u></u>

J. Leases Payable

On June 29, 2009, the district entered into a four-year lease agreement with Marlin Financial for the acquisition of a recorder. The total cost of the equipment, \$47,895, is to be repaid in 48 monthly payments of \$1,122 beginning July 29, 2009, at an interest rate of 5.85 percent.

On October 30, 2009, the district entered into a four-year lease agreement with Marlin Financial for the acquisition of mapping equipment. The total cost of the equipment, \$40,992, is to be repaid in 48 monthly payments of \$960 beginning November 1, 2009, at an interest rate of 5.85 percent.

On May 10, 2010, the district entered into a five-year lease agreement with Marlin Financial for the acquisition of a 2009 Chevy Tahoe 4x4. The total cost of the vehicle, \$29,200, is to be repaid in 60 monthly payments of \$565 beginning May 10, 2010, at an interest rate of six percent.

A schedule of changes in leases payable (principal only) is as follows:

Lease	Balance 6-30-12	Payments	Balance 6-30-13
Recorder	\$ 17,223	\$ 12,790	\$ 4,433
Mapping	14,740	10,947	3,793
Vehicle	17,610	5,877	11,733
Total	<u>\$ 49,573</u>	<u>\$ 29,614</u>	<u>\$ 19,959</u>

A schedule of payments to maturity is as follows:

Recorder Lease

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
June 30, 2014	\$ 4,433	\$ 54	\$ 4,487

Mapping Lease

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
June 30, 2014	\$ 3,793	\$ 46	\$ 3,839

Vehicle Lease

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
June 30, 2014	\$ 6,240	\$ 534	\$ 6,774
June 30, 2015	5,493	152	5,645
Total	\$ 11,733	\$ 686	\$ 12,419

K. Budgetary Information

As stated in Note 1, the district must file a budget with Macon County each year, which must be legally adopted by the county. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the line-item level.

L. Pension Plan

Plan Description

Employees of Macon County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*.

State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Macon County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

As of September 11, 2013, funding policy information for the year ending June 30, 2013, was not yet made available from the State of Tennessee, TCRS. Therefore, all amounts used were from the June 30, 2012, TCRS report.

Macon County Emergency Communications District requires employees to contribute five percent of earnable compensation. Macon County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013, was 9.51 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Macon County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

As of September 11, 2013, funding policy information for the year ending June 30, 2013, was not yet made available from the State of Tennessee, TCRS. Therefore, all amounts used were from the June 30, 2012, TCRS report.

For the year ending June 30, 2012, Macon County Emergency Communications District's annual pension cost of \$7,477 to TCRS was equal to Macon County Emergency Communications District's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases

of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. Macon County Emergency Communications District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was zero years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$7,477	100%	\$0
6-30-11	0	100	0
6-30-10	0	100	0

Funded Status and Funding Progress

As of September 11, 2013, funding policy information for the year ending June 30, 2013, was not yet made available from the State of Tennessee, TCRS. Therefore, all amounts used were from the June 30, 2012, TCRS report.

As of July 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$.06 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was zero, and the ratio of the UAAL to the covered payroll was zero percent.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Macon County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government, Discretely Presented Macon County School Department, and
Discretely Presented Macon County Emergency Communications District
June 30, 2013

(Dollar amounts in thousands)

Primary Government and Discretely Presented Macon County School Department

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-07	\$ 7,335	\$ 7,652	\$ 317	95.86 %	\$ 6,761	4.69 %
7-1-09	9,020	9,284	264	97.16	7,498	3.51
7-1-11	12,595	12,797	202	98.43	8,242	2.44

Discretely Presented Macon County Emergency Communications District

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-07	\$ 0	\$ 0	\$ 0	0.00 %	\$ 0	0.00 %
7-1-09	0	0	0	0.00	0	0.00
7-1-11	0	0	0	0.00	0	0.00

Information for this exhibit for the year ended June 30, 2013, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2012.

Exhibit E-2

Macon County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Macon County School Department
June 30, 2013

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-09	\$ 0	\$ 3,732	\$ 3,723	0%	\$ 11,586	32 %
"	7-1-10	0	3,802	3,802	0	11,586	33
"	7-1-11	0	4,130	4,130	0	11,909	35

MACON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in presenting information for both municipal and county governments in Tennessee.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Macon County’s transfer station and postclosure costs associated with the closed landfill.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

Exhibit F-1

Macon County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>					
Cash	\$ 0	\$ 100	\$ 0	\$ 19,483	\$ 19,583
Equity in Pooled Cash and Investments	31,632	108,888	63,229	0	203,749
Accounts Receivable	0	1,070	0	4,373	5,443
Property Taxes Receivable	0	194,271	0	0	194,271
Allowance for Uncollectible Property Taxes	0	(6,401)	0	0	(6,401)
Total Assets	<u>\$ 31,632</u>	<u>\$ 297,928</u>	<u>\$ 63,229</u>	<u>\$ 23,856</u>	<u>\$ 416,645</u>
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 0	\$ 449	\$ 0	\$ 0	\$ 449
Due to Other Funds	0	982	0	0	982
Total Liabilities	<u>\$ 0</u>	<u>\$ 1,431</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,431</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 182,763	\$ 0	\$ 0	\$ 182,763
Deferred Delinquent Property Taxes	0	4,641	0	0	4,641
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 187,404</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 187,404</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 31,632	\$ 0	\$ 0	\$ 0	\$ 31,632
Restricted for Public Safety	0	0	63,229	0	63,229
Restricted for Public Health and Welfare	0	109,093	0	0	109,093
Committed:					
Committed for Finance	0	0	0	23,856	23,856
Total Fund Balances	<u>\$ 31,632</u>	<u>\$ 109,093</u>	<u>\$ 63,229</u>	<u>\$ 23,856</u>	<u>\$ 227,810</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 31,632</u>	<u>\$ 297,928</u>	<u>\$ 63,229</u>	<u>\$ 23,856</u>	<u>\$ 416,645</u>

Exhibit F-2

Macon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>					
Local Taxes	\$ 3,851	\$ 183,204	\$ 0	\$ 0	\$ 187,055
Fines, Forfeitures, and Penalties	0	0	18,178	0	18,178
Charges for Current Services	0	80,289	0	271,661	351,950
Other Local Revenues	0	0	2,051	0	2,051
State of Tennessee	0	11,917	0	0	11,917
Total Revenues	<u>\$ 3,851</u>	<u>\$ 275,410</u>	<u>\$ 20,229</u>	<u>\$ 271,661</u>	<u>\$ 571,151</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 14,043	\$ 0	\$ 0	\$ 73,413	\$ 87,456
Finance	0	0	0	191,132	191,132
Administration of Justice	0	0	0	5,977	5,977
Public Safety	0	0	10,908	0	10,908
Public Health and Welfare	0	251,312	0	0	251,312
Total Expenditures	<u>\$ 14,043</u>	<u>\$ 251,312</u>	<u>\$ 10,908</u>	<u>\$ 270,522</u>	<u>\$ 546,785</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,192)</u>	<u>\$ 24,098</u>	<u>\$ 9,321</u>	<u>\$ 1,139</u>	<u>\$ 24,366</u>
Net Change in Fund Balances	\$ (10,192)	\$ 24,098	\$ 9,321	\$ 1,139	\$ 24,366
Fund Balance, July 1, 2012	41,824	84,995	53,908	22,717	203,444
Fund Balance, June 30, 2013	<u>\$ 31,632</u>	<u>\$ 109,093</u>	<u>\$ 63,229</u>	<u>\$ 23,856</u>	<u>\$ 227,810</u>

Exhibit F-3

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,851	\$ 4,500	\$ 4,500	\$ (649)
Total Revenues	\$ 3,851	\$ 4,500	\$ 4,500	\$ (649)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 14,043	\$ 26,150	\$ 26,150	\$ 12,107
Total Expenditures	\$ 14,043	\$ 26,150	\$ 26,150	\$ 12,107
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,192)	\$ (21,650)	\$ (21,650)	\$ 11,458
Net Change in Fund Balance	\$ (10,192)	\$ (21,650)	\$ (21,650)	\$ 11,458
Fund Balance, July 1, 2012	41,824	41,824	41,824	0
Fund Balance, June 30, 2013	\$ 31,632	\$ 20,174	\$ 20,174	\$ 11,458

Exhibit F-4

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 183,204	\$ 172,456	\$ 172,456	\$ 10,748
Charges for Current Services	80,289	75,088	75,900	4,389
State of Tennessee	11,917	15,000	15,000	(3,083)
Total Revenues	<u>\$ 275,410</u>	<u>\$ 262,544</u>	<u>\$ 263,356</u>	<u>\$ 12,054</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Transfer Stations	\$ 251,312	\$ 259,294	\$ 260,106	\$ 8,794
Total Expenditures	<u>\$ 251,312</u>	<u>\$ 259,294</u>	<u>\$ 260,106</u>	<u>\$ 8,794</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 24,098</u>	<u>\$ 3,250</u>	<u>\$ 3,250</u>	<u>\$ 20,848</u>
Net Change in Fund Balance	\$ 24,098	\$ 3,250	\$ 3,250	\$ 20,848
Fund Balance, July 1, 2012	84,995	84,997	84,997	(2)
Fund Balance, June 30, 2013	<u>\$ 109,093</u>	<u>\$ 88,247</u>	<u>\$ 88,247</u>	<u>\$ 20,846</u>

Exhibit F-5

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 18,178	\$ 5,000	\$ 5,000	\$ 13,178
Other Local Revenues	2,051	0	0	2,051
Total Revenues	<u>\$ 20,229</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 15,229</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 10,908	\$ 5,200	\$ 11,279	\$ 371
Total Expenditures	<u>\$ 10,908</u>	<u>\$ 5,200</u>	<u>\$ 11,279</u>	<u>\$ 371</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 9,321</u>	<u>\$ (200)</u>	<u>\$ (6,279)</u>	<u>\$ 15,600</u>
Net Change in Fund Balance	\$ 9,321	\$ (200)	\$ (6,279)	\$ 15,600
Fund Balance, July 1, 2012	<u>53,908</u>	<u>53,908</u>	<u>53,908</u>	<u>0</u>
Fund Balance, June 30, 2013	<u><u>\$ 63,229</u></u>	<u><u>\$ 53,708</u></u>	<u><u>\$ 47,629</u></u>	<u><u>\$ 15,600</u></u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit G

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,050,698	\$ 1,050,000	\$ 1,050,000	\$ 698
Licenses and Permits	938	0	0	938
Other Local Revenues	7,862	9,600	9,600	(1,738)
State of Tennessee	932,513	650,000	650,000	282,513
Other Governments and Citizens Groups	909,982	0	909,982	0
Total Revenues	<u>\$ 2,901,993</u>	<u>\$ 1,709,600</u>	<u>\$ 2,619,582</u>	<u>\$ 282,411</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 599,789	\$ 599,790	\$ 599,790	\$ 1
Highways and Streets	360,204	571,110	360,205	1
Education	946,640	114,031	946,641	1
<u>Interest on Debt</u>				
General Government	31,176	226,661	232,974	201,798
Highways and Streets	130,950	0	130,950	0
Education	172,276	14,949	172,276	0
<u>Other Debt Service</u>				
General Government	68,351	33,000	68,689	338
Total Expenditures	<u>\$ 2,309,386</u>	<u>\$ 1,559,541</u>	<u>\$ 2,511,525</u>	<u>\$ 202,139</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 592,607</u>	<u>\$ 150,059</u>	<u>\$ 108,057</u>	<u>\$ 484,550</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 3,830,660	\$ 0	\$ 3,830,660	\$ 0
Payments to Refunded Debt Escrow Agent	(3,830,660)	0	(3,830,660)	0
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 592,607	\$ 150,059	\$ 108,057	\$ 484,550
Fund Balance, July 1, 2012	<u>2,615,734</u>	<u>1,459,226</u>	<u>1,459,226</u>	<u>1,156,508</u>
Fund Balance, June 30, 2013	<u>\$ 3,208,341</u>	<u>\$ 1,609,285</u>	<u>\$ 1,567,283</u>	<u>\$ 1,641,058</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Funds – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk; circuit, general sessions, and juvenile courts clerk; clerk and master; register; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit H-1

Macon County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 398,876	\$ 398,876
Accounts Receivable	0	16,156	16,156
Due from Other Governments	264,050	0	264,050
Total Assets	<u>\$ 264,050</u>	<u>\$ 415,032</u>	<u>\$ 679,082</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 264,050	\$ 0	\$ 264,050
Due to Litigants, Heirs, and Others	0	415,032	415,032
Total Liabilities	<u>\$ 264,050</u>	<u>\$ 415,032</u>	<u>\$ 679,082</u>

Exhibit H-2

Macon County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,529,735	\$ 1,529,735	\$ 0
Due from Other Governments	236,043	264,050	236,043	264,050
Total Assets	<u>\$ 236,043</u>	<u>\$ 1,793,785</u>	<u>\$ 1,765,778</u>	<u>\$ 264,050</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 236,043	\$ 1,793,785	\$ 1,765,778	\$ 264,050
Total Liabilities	<u>\$ 236,043</u>	<u>\$ 1,793,785</u>	<u>\$ 1,765,778</u>	<u>\$ 264,050</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 381,393	\$ 5,145,775	\$ 5,128,292	\$ 398,876
Accounts Receivable	96	16,156	96	16,156
Total Assets	<u>\$ 381,489</u>	<u>\$ 5,161,931</u>	<u>\$ 5,128,388</u>	<u>\$ 415,032</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 381,489	\$ 5,161,931	\$ 5,128,388	\$ 415,032
Total Liabilities	<u>\$ 381,489</u>	<u>\$ 5,161,931</u>	<u>\$ 5,128,388</u>	<u>\$ 415,032</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 381,393	\$ 5,145,775	\$ 5,128,292	\$ 398,876
Equity in Pooled Cash and Investments	0	1,529,735	1,529,735	0
Accounts Receivable	96	16,156	96	16,156
Due from Other Governments	236,043	264,050	236,043	264,050
Total Assets	<u>\$ 617,532</u>	<u>\$ 6,955,716</u>	<u>\$ 6,894,166</u>	<u>\$ 679,082</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 236,043	\$ 1,793,785	\$ 1,765,778	\$ 264,050
Due to Litigants, Heirs, and Others	381,489	5,161,931	5,128,388	415,032
Total Liabilities	<u>\$ 617,532</u>	<u>\$ 6,955,716</u>	<u>\$ 6,894,166</u>	<u>\$ 679,082</u>

Macon County School Department

This section presents fund financial statements for the Macon County School Department, a discretely presented component unit. The School Department uses a General Fund and one Special Revenue Fund.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Exhibit I-1

Macon County, Tennessee
Statement of Activities
Discretely Presented Macon County School Department
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues		Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions		Charges for Services	Operating Grants and Contributions	
Governmental Activities:						
Instruction	\$ 17,169,833	\$ 74,298	\$ 1,849,263	\$ (15,246,272)		
Support Services	9,979,834	47,602	15,812	(9,916,420)		
Operation of Non-Instructional Services	1,712,711	0	1,369,355	(343,356)		
Other Debt Service	130,554	0	0	(130,554)		
Total Governmental Activities	\$ 28,992,932	\$ 121,900	\$ 3,234,430	\$ (25,636,602)		
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 2,935,367		
Local Option Sales Tax				1,824,001		
Interstate Telecommunications Tax				1,811		
Grants and Contributions Not Restricted to Specific Programs				20,686,765		
Miscellaneous				87,128		
Total General Revenues				\$ 25,535,072		
Change in Net Position				\$ (101,530)		
Net Position, July 1, 2012				11,661,457		
Net Position, June 30, 2013				\$ 11,559,927		

Exhibit I-2

Macon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Macon County School Department
June 30, 2013

	<u>Major Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
	General Purpose School	School Federal Projects	Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 3,923,067	\$ 0	\$ 3,923,067
Due from Other Governments	522,755	98,652	621,407
Property Taxes Receivable	3,180,872	0	3,180,872
Allowance for Uncollectible Property Taxes	(104,811)	0	(104,811)
Total Assets	\$ 7,521,883	\$ 98,652	\$ 7,620,535
<u>LIABILITIES</u>			
Accounts Payable	\$ 24,087	\$ 0	\$ 24,087
Payroll Deductions Payable	22,038	5,834	27,872
Cash Overdraft	0	11,231	11,231
Due to State of Tennessee	5,952	1,703	7,655
Total Liabilities	\$ 52,077	\$ 18,768	\$ 70,845
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 2,992,448	\$ 0	\$ 2,992,448
Deferred Delinquent Property Taxes	75,983	0	75,983
Other Deferred/Unavailable Revenue	154,233	0	154,233
Total Deferred Inflows of Resources	\$ 3,222,664	\$ 0	\$ 3,222,664
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 74,312	\$ 79,884	\$ 154,196
Committed:			
Committed for Education	3,965,389	0	3,965,389
Unassigned	207,441	0	207,441
Total Fund Balances	\$ 4,247,142	\$ 79,884	\$ 4,327,026
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,521,883	\$ 98,652	\$ 7,620,535

Exhibit I-3

Macon County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
Discretely Presented Macon County School Department
June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	4,327,026
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	346,263	
Add: buildings and improvements net of accumulated depreciation		11,442,706	
Add: other capital assets net of accumulated depreciation		<u>1,952,755</u>	13,741,724
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on notes payable on primary government debt	\$	(4,978,754)	
Less: accrued interest on notes		(30,016)	
Less: other postemployment benefits liability		<u>(1,730,269)</u>	(6,739,039)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>230,216</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>11,559,927</u></u>

Exhibit I-4

Macon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Macon County School Department
For the Year Ended June 30, 2013

	<u>Major Fund</u>	<u>Nonmajor</u>	
	General	Fund	Total
	Purpose	School	Governmental
	School	Federal	Funds
	Projects		
<u>Revenues</u>			
Local Taxes	\$ 4,811,887	\$ 0	\$ 4,811,887
Licenses and Permits	1,615	0	1,615
Charges for Current Services	74,298	0	74,298
Other Local Revenues	108,656	0	108,656
State of Tennessee	19,878,610	0	19,878,610
Federal Government	1,453,296	2,535,712	3,989,008
Total Revenues	<u>\$ 26,328,362</u>	<u>\$ 2,535,712</u>	<u>\$ 28,864,074</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 15,066,681	\$ 1,663,331	\$ 16,730,012
Support Services	8,657,975	806,066	9,464,041
Operation of Non-Instructional Services	1,712,711	0	1,712,711
Capital Outlay	127,880	0	127,880
Debt Service:			
Other Debt Service	909,982	0	909,982
Total Expenditures	<u>\$ 26,475,229</u>	<u>\$ 2,469,397</u>	<u>\$ 28,944,626</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (146,867)</u>	<u>\$ 66,315</u>	<u>\$ (80,552)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 66,586	\$ 0	\$ 66,586
Transfers In	16,969	0	16,969
Transfers Out	0	(16,969)	(16,969)
Total Other Financing Sources (Uses)	<u>\$ 83,555</u>	<u>\$ (16,969)</u>	<u>\$ 66,586</u>
Net Change in Fund Balances	\$ (63,312)	\$ 49,346	\$ (13,966)
Fund Balance, July 1, 2012	4,310,454	30,538	4,340,992
Fund Balance, June 30, 2013	<u>\$ 4,247,142</u>	<u>\$ 79,884</u>	<u>\$ 4,327,026</u>

Exhibit I-5

Macon County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Macon County School Department
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	(13,966)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	242,508	
Less: current-year depreciation expense		<u>(824,887)</u>	(582,379)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.			
Add: capital assets donated and capitalized			26,229
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2012	\$	(229,117)	
Add: deferred delinquent property taxes and other deferred June 30, 2013		<u>230,216</u>	1,099
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: contribution payments on notes for primary government			773,972
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	5,456	
Change in other postemployment benefits liability		<u>(311,941)</u>	<u>(306,485)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (101,530)</u>

Exhibit I-6

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Macon County School Department
General Purpose School Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,811,887	\$ 4,874,688	\$ 4,874,688	\$ (62,801)
Licenses and Permits	1,615	2,000	2,000	(385)
Charges for Current Services	74,298	51,000	51,000	23,298
Other Local Revenues	108,656	66,400	66,400	42,256
State of Tennessee	19,878,610	19,689,130	20,001,461	(122,851)
Federal Government	1,453,296	1,426,000	1,573,072	(119,776)
Total Revenues	\$ 26,328,362	\$ 26,109,218	\$ 26,568,621	\$ (240,259)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 12,239,333	\$ 12,142,345	\$ 12,388,345	\$ 149,012
Alternative Instruction Program	146,821	171,715	171,715	24,894
Special Education Program	1,664,203	1,812,090	1,797,590	133,387
Vocational Education Program	983,425	1,113,790	1,042,740	59,315
Adult Education Program	32,899	44,450	44,450	11,551
<u>Support Services</u>				
Attendance	104,019	109,130	109,130	5,111
Health Services	328,837	339,660	350,660	21,823
Other Student Support	634,233	668,030	648,030	13,797
Regular Instruction Program	805,254	821,620	824,620	19,366
Alternative Instruction Program	36,187	32,630	36,630	443
Special Education Program	256,040	273,760	273,760	17,720
Vocational Education Program	28,460	31,960	31,960	3,500
Adult Programs	79,630	104,238	104,238	24,608
Other Programs	115,981	0	115,981	0
Board of Education	381,860	438,930	445,930	64,070
Director of Schools	138,312	141,986	141,986	3,674
Office of the Principal	1,352,468	1,383,270	1,373,270	20,802
Fiscal Services	219,747	221,110	221,110	1,363
Operation of Plant	1,896,264	1,987,260	1,983,110	86,846
Maintenance of Plant	572,032	618,910	575,910	3,878
Transportation	1,708,651	1,612,800	1,708,800	149
<u>Operation of Non-Instructional Services</u>				
Food Service	1,427,067	1,411,930	1,559,052	131,985
Early Childhood Education	285,644	301,000	301,000	15,356
<u>Capital Outlay</u>				
Regular Capital Outlay	127,880	200,000	219,000	91,120
<u>Principal on Debt</u>				
Education	0	773,904	0	0
<u>Interest on Debt</u>				
Education	0	164,200	0	0
<u>Other Debt Service</u>				
Education	909,982	0	911,104	1,122
Total Expenditures	\$ 26,475,229	\$ 26,920,718	\$ 27,380,121	\$ 904,892

(Continued)

Exhibit I-6

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Macon County School Department
General Purpose School Fund (Cont.)

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (146,867)	\$ (811,500)	\$ (811,500)	\$ 664,633
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 66,586	\$ 85,000	\$ 85,000	\$ (18,414)
Transfers In	16,969	10,000	10,000	6,969
Total Other Financing Sources	\$ 83,555	\$ 95,000	\$ 95,000	\$ (11,445)
Net Change in Fund Balance	\$ (63,312)	\$ (716,500)	\$ (716,500)	\$ 653,188
Fund Balance, July 1, 2012	4,310,454	3,455,478	3,455,478	854,976
Fund Balance, June 30, 2013	\$ 4,247,142	\$ 2,738,978	\$ 2,738,978	\$ 1,508,164

Exhibit I-7

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Macon County School Department
School Federal Projects Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,535,712	\$ 3,512,562	\$ 3,512,562	\$ (976,850)
Total Revenues	\$ 2,535,712	\$ 3,512,562	\$ 3,512,562	\$ (976,850)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 972,708	\$ 1,253,330	\$ 1,204,250	\$ 231,542
Special Education Program	634,900	1,147,841	1,147,841	512,941
Vocational Education Program	55,723	55,724	55,724	1
<u>Support Services</u>				
Other Student Support	40,268	44,036	44,036	3,768
Regular Instruction Program	610,633	804,080	853,160	242,527
Special Education Program	101,309	152,972	152,972	51,663
Transportation	53,856	64,628	64,628	10,772
Total Expenditures	\$ 2,469,397	\$ 3,522,611	\$ 3,522,611	\$ 1,053,214
Excess (Deficiency) of Revenues Over Expenditures	\$ 66,315	\$ (10,049)	\$ (10,049)	\$ 76,364
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 150,100	\$ 0	\$ 0
Transfers Out	(16,969)	(168,740)	(18,640)	1,671
Total Other Financing Sources	\$ (16,969)	\$ (18,640)	\$ (18,640)	\$ 1,671
Net Change in Fund Balance	\$ 49,346	\$ (28,689)	\$ (28,689)	\$ 78,035
Fund Balance, July 1, 2012	30,538	30,538	30,538	0
Fund Balance, June 30, 2013	\$ 79,884	\$ 1,849	\$ 1,849	\$ 78,035

MISCELLANEOUS SCHEDULES

Exhibit J-1

Macon County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds
 For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-13
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Energy Efficiency Loan	\$ 42,279	0%	10-25-05	10-31-12	\$ 6,039	0 \$	6,039 \$	0 \$	0
Energy Efficiency Loan	11,602	0	4-26-06	4-15-13	1,659	0	1,659	0	0
School Upgrade Projects	661,351	3.75	4-13-09	4-13-16	398,628	0	94,223	0	304,405
Energy Efficiency Loan	138,649	0	6-3-09	6-30-16	79,228	0	19,807	0	59,421
Little League Lights	224,500	3.49	3-15-10	3-15-15	128,182	0	44,900	0	83,282
Highway and Refunding	4,645,531	3.94	9-1-09	9-1-19	3,854,091	0	418,842	0	3,435,249
E-911 Building	153,529	2.49	12-13-11	11-18-16	153,529	0	29,206	0	124,323
Tanker Building	47,700	2.45	3-28-12	3-28-17	47,700	0	9,540	0	38,160
West Macon Rescue Building	61,514	2.25	8-7-12	8-7-17	0	61,514	0	0	61,514
School Security, Equipment, and Patrol Cars	142,022	2.09	4-26-13	4-26-18	0	142,022	0	0	142,022
Total Payable through General Debt Service Fund					\$ 4,669,056	\$ 203,536	\$ 624,216	\$ 0	\$ 4,248,376
<u>Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund</u>									
School Refunding	4,766,431	3.66	9-29-10	10-1-18	\$ 3,588,627	0 \$	595,804 \$	0 \$	2,992,823
Energy Efficiency Loan	2,223,244	.75	7-19-11	3-1-24	2,164,099	0	178,168	0	1,985,931
Total Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund					\$ 5,752,726	0 \$	773,972 \$	0 \$	4,978,754
Total Notes Payable					\$ 10,421,782	\$ 203,536	\$ 1,398,188	\$ 0	\$ 9,227,130
OTHER LOANS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Public Works Projects	6,721,000	Variable	10-1-1999	5-30-13	\$ 3,174,105	0 \$	371,929 \$	2,802,176 \$	0
Other Public Works Projects	2,038,000	Variable	9-21-01	5-30-13	1,165,000	0	136,516	1,028,484	0
Total Other Loans Payable					\$ 4,339,105	0 \$	508,445 \$	3,830,660 \$	0
GENERAL BONDED DEBT									
<u>Payable through General Debt Service Fund</u>									
General Obligation Refunding Bonds	3,830,660	1.96	5-30-13	6-1-19	0 \$	3,830,660 \$	0 \$	0 \$	3,830,660
Total General Bonded Debt					\$ 0	\$ 3,830,660	\$ 0	\$ 0	\$ 3,830,660

Exhibit J-2

Macon County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 1,453,731	\$ 292,621	\$ 1,746,352
2015	1,470,139	245,631	1,715,770
2016	1,455,539	197,108	1,652,647
2017	1,350,980	149,575	1,500,555
2018	1,330,082	104,964	1,435,046
2019	728,804	82,336	811,140
2020	737,233	27,664	764,897
2021	189,179	4,609	193,788
2022	190,607	3,181	193,788
2023	192,022	1,766	193,788
2024	128,814	407	129,221
Total	<u>\$ 9,227,130</u>	<u>\$ 1,109,862</u>	<u>\$ 10,336,992</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 638,160	\$ 75,289	\$ 713,449
2015	638,500	62,573	701,073
2016	638,500	50,058	688,558
2017	638,500	37,544	676,044
2018	638,500	25,030	663,530
2019	638,500	12,515	651,015
Total	<u>\$ 3,830,660</u>	<u>\$ 263,009</u>	<u>\$ 4,093,669</u>

Exhibit J-3

Macon County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Macon County School Department
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General	Risk management director's salary	\$ <u>2,400</u>
<u>DISCRETELY PRESENTED MACON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ <u>16,969</u>

Macon County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Macon County School Department
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 69,643	(1) \$ 50,000	Western Surety Company
Supervisor of Roads	Section 8-24-102, TCA	64,613	100,000	"
Director of Schools	State Board of Education and Local Board of Education	93,505	(2) (3)	RLI Insurance Company
Assessor of Property Trustee	Section 8-24-102, TCA	58,739	10,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	58,739	930,100	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	59,739	(4) 50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	58,739	60,000	"
Register of Deeds	Section 8-24-102, TCA	58,739	(5) 75,000	The Cincinnati Insurance Company
Sheriff	Section 8-24-102, TCA	64,613	(6) 25,000	Western Surety Company
<u>Other Bonds</u>				
County Employees	Public Employee - Blanket Bond		1,000,000	Local Government Insurance Pool
School Department Employees	Public Employee - Blanket Bond		150,000	Tennessee Risk Management Trust

(1) Includes \$1,800 for serving as a consultant to the County Commission.
(2) Does not include \$5,929 for health insurance supplement. Includes \$1,000 for a chief executive officer training supplement.
(3) Includes employee blanket bond coverage for the director of schools.
(4) Includes \$1,000 for attending County Commission meetings.
(5) Does not include \$5,977 in special commissioner fees.
(6) Does not include \$600 for a law enforcement training supplement.

Exhibit J-5

Macon County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds						Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works		
Local Taxes								
<u>County Property Taxes</u>								
Current Property Tax	\$ 3,992,063	\$ 0	\$ 170,884	\$ 0	\$ 0	\$ 376,995	\$ 4,539,942	
Discount on Property Taxes	(35,283)	0	(1,514)	0	0	(3,342)	(40,139)	
Trustee's Collections - Prior Year	120,518	0	6,704	0	0	16,637	143,859	
Trustee's Collections - Bankruptcy	796	0	21	0	0	84	901	
Circuit/Clerk & Master Collections - Prior Years	49,309	0	2,751	0	0	6,000	58,060	
Interest and Penalty	18,861	0	1,008	0	0	2,365	22,234	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	288,405	0	0	0	0	0	288,405	
Wheel Tax	176,549	0	0	0	0	0	1,182,599	
Litigation Tax - General	99,660	0	0	0	0	0	39,906	
Litigation Tax - Special Purpose	0	3,851	0	0	0	0	443	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	4,299	
Business Tax	149,198	0	0	0	0	0	149,198	
Adequate Facilities/Development Tax	112,782	0	0	0	0	0	112,782	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	60,050	0	3,350	0	0	7,914	71,314	
Wholesale Beer Tax	108,924	0	0	0	0	0	108,924	
Interstate Telecommunications Tax	1,356	0	0	0	0	0	1,356	
Total Local Taxes	\$ 5,143,188	\$ 3,851	\$ 183,204	\$ 0	\$ 0	\$ 406,653	\$ 1,050,698	
Licenses and Permits								
<u>Licenses</u>								
Cable TV Franchise	\$ 32,054	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 938	
<u>Permits</u>								
Beer Permits	681	0	0	0	0	0	681	
Building Permits	11,834	0	0	0	0	0	11,834	
Other Permits	665	0	0	0	0	0	665	
Total Licenses and Permits	\$ 45,234	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 938	
Fines, Forfeitures, and Penalties								
<u>Circuit Court</u>								
Fines	\$ 20,691	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,691	
Jail Fees	48	0	0	0	0	0	48	
DUI Treatment Fines	3,461	0	0	0	0	0	3,461	
Data Entry Fee - Circuit Court	943	0	0	0	0	0	943	

(Continued)

Macon County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds						Debt Service Fund		Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers Fees	Highway / Public Works	General Debt Service		
Fines, Forfeitures, and Penalties (Cont.)									
<u>General Sessions Court</u>									
Fines	\$ 15,063	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	15,063
Officers Costs	31,082	0	0	0	0	0	0	0	31,082
Game and Fish Fines	90	0	0	0	0	0	0	0	90
Drug Control Fines	0	0	0	18,178	0	0	0	0	18,178
Jail Fees	9,577	0	0	0	0	0	0	0	9,577
District Attorney General Fees	9,310	0	0	0	0	0	0	0	9,310
Data Entry Fee - General Sessions Court	5,310	0	0	0	0	0	0	0	5,310
Courtroom Security Fee	1,634	0	0	0	0	0	0	0	1,634
<u>Juvenile Court</u>									
Fines	2,313	0	0	0	0	0	0	0	2,313
Officers Costs	3,711	0	0	0	0	0	0	0	3,711
Interpreter Fees	48	0	0	0	0	0	0	0	48
Data Entry Fee - Juvenile Court	528	0	0	0	0	0	0	0	528
Courtroom Security Fee	104	0	0	0	0	0	0	0	104
<u>Chancery Court</u>									
Officers Costs	2,079	0	0	0	0	0	0	0	2,079
Data Entry Fee - Chancery Court	1,274	0	0	0	0	0	0	0	1,274
Total Fines, Forfeitures, and Penalties	\$ 107,266	\$ 0	\$ 0	\$ 18,178	\$ 0	\$ 0	\$ 0	\$ 0	\$ 125,444
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 80,289	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 80,289
Patient Charges	1,497,141	0	0	0	0	0	0	0	1,497,141
<u>Fees</u>									
Copy Fees	253	0	0	0	0	0	0	0	253
Greenbelt Late Application Fee	100	0	0	0	0	0	0	0	100
Telephone Commissions	65,359	0	0	0	0	0	0	0	65,359
Vending Machine Collections	261	0	0	0	0	0	0	0	261
Tourism Fees	18	0	0	0	0	0	0	0	18
Constitutional Officers' Fees and Commissions	0	0	0	0	265,684	0	0	0	265,684
Special Commissioner Fees/Special Master Fees	0	0	0	0	5,977	0	0	0	5,977
Data Processing Fee - Register	6,488	0	0	0	0	0	0	0	6,488
Probation Fees	94,793	0	0	0	0	0	0	0	94,793
Data Processing Fee - Sheriff	3,448	0	0	0	0	0	0	0	3,448
Sexual Offender Registration Fees - Sheriff	3,750	0	0	0	0	0	0	0	3,750
Total Charges for Current Services	\$ 1,671,611	\$ 0	\$ 80,289	\$ 0	\$ 271,661	\$ 0	\$ 0	\$ 0	\$ 2,023,561

(Continued)

Macon County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds					Debt Service Fund		Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 41,668	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	41,668
Lease/Rentals	22,025	0	0	0	0	7,862	0	29,887
Sale of Materials and Supplies	0	0	0	0	4,533	0	0	4,533
Commissary Sales	37,287	0	0	0	0	0	0	37,287
Sale of Animals/Livestock	384	0	0	0	0	0	0	384
Miscellaneous Refunds	47,190	0	0	0	0	10,459	0	57,649
<u>Nonrecurring Items</u>								
Sale of Equipment	7,527	0	0	2,051	0	11,579	0	21,157
Contributions and Gifts	500	0	0	0	0	0	0	500
Total Other Local Revenues	\$ 156,581	\$ 0	\$ 0	\$ 2,051	\$ 0	\$ 26,571	\$ 7,862	\$ 193,065
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 65,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	65,000
Circuit Court Clerk	65,693	0	0	0	0	0	0	65,693
General Sessions Court Clerk	113,158	0	0	0	0	0	0	113,158
Clerk and Master	61,320	0	0	0	0	0	0	61,320
Juvenile Court Clerk	21,300	0	0	0	0	0	0	21,300
Register	73,413	0	0	0	0	0	0	73,413
Sheriff	8,628	0	0	0	0	0	0	8,628
Trustee	277,047	0	0	0	0	0	0	277,047
Total Fees Received from County Officials	\$ 685,559	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 685,559
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13,500
Solid Waste Grants	0	0	11,917	0	0	0	0	11,917
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	12,600	0	0	0	0	0	0	12,600
Health and Welfare Grants	77,394	0	0	0	0	0	0	77,394
<u>Health Department Programs</u>								
Public Works Grants	0	0	0	0	0	220,100	0	220,100
Bridge Program	0	0	0	0	0	0	0	0
Litter Program	43,000	0	0	0	0	0	0	43,000

(Continued)

Macon County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds						Debt Service Fund	Total
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works		
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues</u>								
Income Tax	\$ 28,479	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,479
Beer Tax	18,586	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	39,268	0	0	0	0	0	0	39,268
State Revenue Sharing - T.V.A.	265,416	0	0	0	0	0	0	265,416
Contracted Prisoner Boarding	442	0	0	0	0	932,513	0	932,955
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,457,934	0	1,457,934
Petroleum Special Tax	0	0	0	0	0	16,053	0	16,053
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	15,164
Other State Revenues	10,599	0	0	0	0	0	0	10,599
Total State of Tennessee	\$ 524,448	\$ 0	\$ 11,917	\$ 0	\$ 0	\$ 1,694,087	\$ 932,513	\$ 3,162,965
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 186,302	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 186,302
Disaster Relief	0	0	0	0	0	44,796	0	44,796
Law Enforcement Grants	4,580	0	0	0	0	0	0	4,580
Other Federal through State	237,162	0	0	0	0	67,487	0	304,649
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	15,600	0	0	0	0	0	0	15,600
Total Federal Government	\$ 443,644	\$ 0	\$ 0	\$ 0	\$ 0	\$ 112,283	\$ 0	\$ 555,927
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 254	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 254
Contributions	394,062	0	0	0	0	909,982	0	1,304,044
<u>Citizens Groups</u>								
Donations	2,105	0	0	0	0	0	0	2,105
Total Other Governments and Citizens Groups	\$ 396,421	\$ 0	\$ 0	\$ 0	\$ 0	\$ 909,982	\$ 0	\$ 1,306,403
Total	\$ 9,173,952	\$ 3,851	\$ 275,410	\$ 20,229	\$ 271,661	\$ 2,239,594	\$ 2,901,993	\$ 14,886,690

Exhibit J-6

Macon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Macon County School Department
For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Fund School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 2,792,673	\$ 0	\$ 2,792,673
Discount on Property Taxes	(24,758)	0	(24,758)
Trustee's Collections - Prior Year	110,750	0	110,750
Trustee's Collections - Bankruptcy	616	0	616
Circuit/Clerk & Master Collections - Prior Years	42,541	0	42,541
Interest and Penalty	15,749	0	15,749
<u>County Local Option Taxes</u>			
Local Option Sales Tax	1,820,698	0	1,820,698
<u>Statutory Local Taxes</u>			
Bank Excise Tax	51,807	0	51,807
Interstate Telecommunications Tax	1,811	0	1,811
Total Local Taxes	\$ 4,811,887	\$ 0	\$ 4,811,887
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 1,615	\$ 0	\$ 1,615
Total Licenses and Permits	\$ 1,615	\$ 0	\$ 1,615
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Tuition - Regular Day Students	\$ 1,050	\$ 0	\$ 1,050
Tuition - Other	1,250	0	1,250
Receipts from Individual Schools	71,998	0	71,998
Total Charges for Current Services	\$ 74,298	\$ 0	\$ 74,298
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Lease/Rentals	\$ 1	\$ 0	\$ 1
Sale of Materials and Supplies	3,289	0	3,289
Refund of Telecommunication & Internet Fees (E-Rate)	47,601	0	47,601
Miscellaneous Refunds	15,652	0	15,652
<u>Nonrecurring Items</u>			
Sale of Equipment	8,864	0	8,864
Damages Recovered from Individuals	3,266	0	3,266
Contributions and Gifts	29,828	0	29,828
<u>Other Local Revenues</u>			
Other Local Revenues	155	0	155
Total Other Local Revenues	\$ 108,656	\$ 0	\$ 108,656
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 115,981	\$ 0	\$ 115,981
<u>State Education Funds</u>			
Basic Education Program	18,911,877	0	18,911,877
Early Childhood Education	285,643	0	285,643
School Food Service	20,527	0	20,527
Energy Efficient School Initiative	15,812	0	15,812
Driver Education	12,377	0	12,377
Other State Education Funds	184,110	0	184,110
Career Ladder Program	130,630	0	130,630
Career Ladder - Extended Contract	18,700	0	18,700
<u>Other State Revenues</u>			
State Revenue Sharing - T.V.A.	181,630	0	181,630
Other State Grants	1,323	0	1,323
Total State of Tennessee	\$ 19,878,610	\$ 0	\$ 19,878,610

(Continued)

Exhibit J-6

Macon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Macon County School Department (Cont.)

	General Purpose School	Special Revenue Fund School Federal Projects	Total
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 941,672	\$ 0	\$ 941,672
USDA - Commodities	77,072	0	77,072
Breakfast	318,592	0	318,592
USDA - Other	11,492	0	11,492
Adult Education State Grant Program	65,035	0	65,035
Vocational Education - Basic Grants to States	0	74,759	74,759
Title I Grants to Local Education Agencies	0	1,425,470	1,425,470
Special Education - Grants to States	39,433	757,129	796,562
Special Education Preschool Grants	0	29,897	29,897
English Language Acquisition Grants	0	12,305	12,305
Eisenhower Professional Development State Grants	0	137,728	137,728
Race-to-the-Top - ARRA	0	95,978	95,978
Other Federal through State	0	2,446	2,446
Total Federal Government	\$ 1,453,296	\$ 2,535,712	\$ 3,989,008
Total	\$ 26,328,362	\$ 2,535,712	\$ 28,864,074

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

County Official/Administrative Officer	\$	1,800	
Board and Committee Members Fees		35,100	
Social Security		2,906	
State Retirement		118	
Audit Services		6,674	
Consultants		210	
Dues and Memberships		1,350	
Legal Services		9,399	
Legal Notices, Recording, and Court Costs		855	
Total County Commission			\$ 58,412

Board of Equalization

Board and Committee Members Fees	\$	2,400	
Total Board of Equalization			2,400

Beer Board

Legal Notices, Recording, and Court Costs	\$	253	
Total Beer Board			253

Budget and Finance Committee

Legal Notices, Recording, and Court Costs	\$	119	
Other Supplies and Materials		326	
Total Budget and Finance Committee			445

Other Boards and Committees

Legal Notices, Recording, and Court Costs	\$	1,218	
Other Supplies and Materials		210	
Total Other Boards and Committees			1,428

County Mayor/Executive

County Official/Administrative Officer	\$	67,843	
Accountants/Bookkeepers		90,677	
Overtime Pay		1,800	
Social Security		12,134	
State Retirement		8,439	
Dues and Memberships		1,350	
Maintenance and Repair Services - Office Equipment		8,546	
Postal Charges		867	
Printing, Stationery, and Forms		3,712	
Travel		1,895	
Other Contracted Services		3,179	
Office Supplies		2,550	
Premiums on Corporate Surety Bonds		175	
Office Equipment		218	
Total County Mayor/Executive			203,385

County Attorney

County Official/Administrative Officer	\$	6,809	
Social Security		521	
Total County Attorney			7,330

(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	52,865	
Deputy(ies)		25,866	
Temporary Personnel		9,820	
Election Commission		5,940	
Election Workers		7,190	
Social Security		6,218	
State Retirement		5,173	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		5,762	
Maintenance and Repair Services - Equipment		10,933	
Postal Charges		1,492	
Printing, Stationery, and Forms		862	
Rentals		400	
Travel		3,319	
Other Contracted Services		8,857	
Office Supplies		783	
Utilities		5,155	
Total Election Commission			\$ 150,810

Register of Deeds

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		37,497	
Social Security		7,299	
State Retirement		6,323	
Dues and Memberships		522	
Legal Notices, Recording, and Court Costs		148	
Printing, Stationery, and Forms		3,865	
Office Supplies		1,921	
Other Supplies and Materials		190	
Premiums on Corporate Surety Bonds		100	
Data Processing Equipment		5,768	
Office Equipment		5,899	
Total Register of Deeds			128,271

Planning

Supervisor/Director	\$	31,518	
In-Service Training		244	
Social Security		2,382	
State Retirement		2,071	
Contracts with Government Agencies		9,250	
Travel		6,875	
Other Contracted Services		1,077	
Office Supplies		427	
Premiums on Corporate Surety Bonds		700	
Total Planning			54,544

County Buildings

Supervisor/Director	\$	27,436	
Custodial Personnel		1,440	
Overtime Pay		2,900	

(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Social Security	\$	2,398	
State Retirement		2,088	
Communication		23,876	
Licenses		175	
Maintenance and Repair Services - Buildings		7,980	
Other Contracted Services		57	
Electricity		17,829	
Water and Sewer		5,404	
Other Supplies and Materials		5,646	
Building Improvements		3,820	
Office Equipment		2,730	
Other Equipment		92,822	
Total County Buildings			\$ 196,601

Other Facilities

Custodial Personnel	\$	18,938	
Maintenance Personnel		27,477	
Social Security		3,431	
State Retirement		3,049	
Communication		35,222	
Maintenance and Repair Services - Buildings		20,834	
Pest Control		1,700	
Travel		659	
Custodial Supplies		2,625	
Electricity		91,600	
Water and Sewer		90,473	
Total Other Facilities			296,008

Other General Administration

Supervisor/Director	\$	1,224	
Social Security		94	
State Retirement		80	
Total Other General Administration			1,398

Preservation of Records

Part-time Personnel	\$	7,540	
Social Security		577	
Other Supplies and Materials		1,969	
Total Preservation of Records			10,086

Risk Management

Supervisor/Director	\$	12,646	
Social Security		967	
Medical and Dental Services		550	
Other Contracted Services		2,665	
Total Risk Management			16,828

Finance

Central Services

Maintenance and Repair Services - Buildings	\$	238	
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(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Central Services (Cont.)

Custodial Supplies	\$	48	
Utilities		8,765	
Other Supplies and Materials		1,364	
Total Central Services			\$ 10,415

Property Assessor's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		50,555	
Overtime Pay		218	
Other Salaries and Wages		6,893	
Social Security		8,708	
State Retirement		7,195	
Contracts with Other Public Agencies		8,265	
Postal Charges		313	
Printing, Stationery, and Forms		50	
Travel		639	
Office Supplies		200	
Premiums on Corporate Surety Bonds		275	
Total Property Assessor's Office			142,050

Reappraisal Program

Maintenance and Repair Services - Vehicles	\$	514	
Postal Charges		90	
Gasoline		1,413	
Office Supplies		56	
Data Processing Equipment		4,154	
Total Reappraisal Program			6,227

County Trustee's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		50,578	
Overtime Pay		3,101	
Other Salaries and Wages		7,808	
Social Security		8,790	
State Retirement		7,386	
Data Processing Services		6,681	
Dues and Memberships		507	
Maintenance and Repair Services - Office Equipment		8,090	
Postal Charges		3,986	
Printing, Stationery, and Forms		68	
Travel		489	
Office Supplies		647	
Premiums on Corporate Surety Bonds		2,006	
Data Processing Equipment		436	
Office Equipment		150	
Total County Trustee's Office			159,462

County Clerk's Office

Social Security	\$	14,383	
State Retirement		12,059	

(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Maintenance and Repair Services - Office Equipment	\$	1,895	
Postal Charges		7,473	
Printing, Stationery, and Forms		339	
Office Supplies		470	
Other Supplies and Materials		2,500	
Premiums on Corporate Surety Bonds		175	
Office Equipment		448	
Total County Clerk's Office			\$ 39,742

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		149,431	
Overtime Pay		1,398	
Jury and Witness Expense		8,108	
Social Security		14,713	
State Retirement		12,118	
Dues and Memberships		467	
Maintenance and Repair Services - Equipment		286	
Postal Charges		3,542	
Printing, Stationery, and Forms		2,227	
Travel		1,255	
Other Contracted Services		10,026	
Instructional Supplies and Materials		1,612	
Office Supplies		9,105	
Premiums on Corporate Surety Bonds		750	
Other Charges		521	
Data Processing Equipment		22,534	
Office Equipment		71	
Total Circuit Court			296,903

General Sessions Court

Judge(s)	\$	93,852	
Social Security		7,180	
State Retirement		6,166	
Dues and Memberships		50	
Travel		836	
Total General Sessions Court			108,084

Chancery Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		25,866	
Temporary Personnel		13,291	
Jury and Witness Expense		1,116	
Social Security		7,358	
State Retirement		6,323	
Dues and Memberships		467	
Legal Notices, Recording, and Court Costs		299	
Maintenance and Repair Services - Office Equipment		6,799	
Postal Charges		899	

(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Travel	\$	586	
Office Supplies		2,451	
Premiums on Corporate Surety Bonds		275	
Total Chancery Court			\$ 124,469

Juvenile Court

Youth Service Officer(s)	\$	28,547	
Social Security		2,057	
State Retirement		1,876	
Contracts with Government Agencies		1,650	
Dues and Memberships		265	
Printing, Stationery, and Forms		401	
Travel		791	
Office Supplies		352	
Total Juvenile Court			35,939

Judicial Commissioners

County Official/Administrative Officer	\$	23,660	
In-Service Training		150	
Social Security		1,810	
Office Supplies		459	
Total Judicial Commissioners			26,079

Probation Services

Probation Officer(s)	\$	75,292	
Overtime Pay		611	
Social Security		4,885	
State Retirement		4,987	
Evaluation and Testing		4,498	
Postal Charges		100	
Printing, Stationery, and Forms		494	
Travel		181	
Office Supplies		744	
Office Equipment		798	
Total Probation Services			92,590

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,613	
Deputy(ies)		891,541	
Salary Supplements		12,600	
Overtime Pay		12,431	
Other Salaries and Wages		30,391	
In-Service Training		16,083	
Social Security		74,565	
State Retirement		64,870	
Contracts with Private Agencies		4,748	
Confidential Drug Enforcement Payments		3,769	
Dues and Memberships		1,500	
Maintenance and Repair Services - Equipment		1,237	

(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Vehicles	\$	21,336	
Travel		3,185	
Other Contracted Services		1,605	
Gasoline		101,267	
Lubricants		2,980	
Office Supplies		4,891	
Tires and Tubes		7,095	
Uniforms		7,348	
Premiums on Corporate Surety Bonds		3,318	
Law Enforcement Equipment		21,322	
Motor Vehicles		173,768	
Office Equipment		3,061	
Total Sheriff's Department			\$ 1,529,524

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	250	
Law Enforcement Equipment		1,087	
Total Administration of the Sexual Offender Registry			1,337

Jail

County Official/Administrative Officer	\$	30,597	
Accountants/Bookkeepers		18,961	
Medical Personnel		40,685	
Dispatchers/Radio Operators		199,257	
Guards		404,667	
Cafeteria Personnel		50,208	
Overtime Pay		16,748	
Other Salaries and Wages		43,050	
Social Security		59,078	
State Retirement		49,204	
Medical and Dental Services		97,324	
Travel		861	
Custodial Supplies		10,635	
Food Supplies		130,131	
Office Supplies		3,592	
Uniforms		3,237	
Other Supplies and Materials		8,425	
Communication Equipment		1,817	
Data Processing Equipment		3,045	
Law Enforcement Equipment		4,784	
Office Equipment		3,447	
Other Equipment		35,170	
Total Jail			1,214,923

Workhouse

Truck Drivers	\$	20,862	
Guards		20,862	
Social Security		2,986	
State Retirement		1,371	
Maintenance and Repair Services - Vehicles		428	

(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Instructional Supplies and Materials	\$	11,578	
Other Charges		1,197	
Other Equipment		1,487	
Total Workhouse			\$ 60,771

Fire Prevention and Control

Contributions	\$	1,500	
Maintenance and Repair Services - Vehicles		121	
Diesel Fuel		1,170	
Total Fire Prevention and Control			2,791

Rural Fire Protection

Other Salaries and Wages	\$	10,420	
Maintenance Agreements		2,500	
Total Rural Fire Protection			12,920

Civil Defense

Supervisor/Director	\$	6,016	
Social Security		460	
Maintenance and Repair Services - Vehicles		760	
Gasoline		1,084	
Office Supplies		28	
Utilities		3,543	
Building Improvements		245	
Other Equipment		872	
Total Civil Defense			13,008

Rescue Squad

Other Salaries and Wages	\$	5,000	
Maintenance and Repair Services - Vehicles		539	
Gasoline		979	
Other Equipment		917	
Total Rescue Squad			7,435

Disaster Relief

Other Salaries and Wages	\$	1,430	
In-Service Training		195	
Maintenance and Repair Services - Buildings		2,800	
Maintenance and Repair Services - Vehicles		167	
Gasoline		268	
Utilities		2,794	
Other Equipment		1,330	
Total Disaster Relief			8,984

Other Emergency Management

In-Service Training	\$	714	
Maintenance and Repair Services - Equipment		530	
Maintenance and Repair Services - Vehicles		1,899	
Other Contracted Services		50	
Gasoline		666	

(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Utilities	\$	2,411	
Other Charges		550	
Building Construction		7,404	
Site Development		4,486	
Other Equipment		4,266	
Total Other Emergency Management			\$ 22,976

County Coroner/Medical Examiner

Medical Personnel	\$	1,950	
Medical and Dental Services		18,105	
Total County Coroner/Medical Examiner			20,055

Other Public Safety

Maintenance Personnel	\$	2,717	
In-Service Training		2,372	
Maintenance and Repair Services - Equipment		280	
Road Signs		3,679	
Other Equipment		4,658	
Total Other Public Safety			13,706

Public Health and Welfare

Local Health Center

Janitorial Services	\$	6,700	
Maintenance and Repair Services - Buildings		2,253	
Custodial Supplies		700	
Drugs and Medical Supplies		304	
Office Supplies		293	
Uniforms		242	
Utilities		14,799	
Other Supplies and Materials		200	
Total Local Health Center			25,491

Rabies and Animal Control

Part-time Personnel	\$	15,912	
Social Security		1,217	
Maintenance and Repair Services - Vehicles		447	
Veterinary Services		2,015	
Gasoline		3,148	
Utilities		2,042	
Other Supplies and Materials		1,337	
Total Rabies and Animal Control			26,118

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,168	
Accountants/Bookkeepers		58,553	
Medical Personnel		615,167	
Dispatchers/Radio Operators		108,277	
Overtime Pay		354,256	
Social Security		87,673	
State Retirement		67,676	

(Continued)

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Dues and Memberships	\$	520	
Laundry Service		5,519	
Licenses		2,400	
Maintenance and Repair Services - Buildings		3,566	
Maintenance and Repair Services - Vehicles		42,789	
Postal Charges		500	
Other Contracted Services		55,093	
Custodial Supplies		3,253	
Drugs and Medical Supplies		66,244	
Gasoline		73,925	
Instructional Supplies and Materials		5,838	
Office Supplies		13,852	
Tires and Tubes		4,776	
Uniforms		8,525	
Utilities		54,195	
Premiums on Corporate Surety Bonds		124	
Communication Equipment		2,712	
Motor Vehicles		91,974	
Other Equipment		20,906	
Total Ambulance/Emergency Medical Services			\$ 1,797,481

Crippled Children Services

Contracts with Government Agencies	\$	1,439	
Total Crippled Children Services			1,439

Other Local Health Services

Social Workers	\$	32,724	
Part-time Personnel		46,102	
Social Security		5,985	
State Retirement		2,150	
Travel		2,922	
Total Other Local Health Services			89,883

Regional Mental Health Center

Contributions	\$	7,953	
Total Regional Mental Health Center			7,953

Appropriation to State

Other Contracted Services	\$	41,900	
Total Appropriation to State			41,900

Other Local Welfare Services

Contributions	\$	100,083	
Pauper Burials		1,500	
Total Other Local Welfare Services			101,583

Social, Cultural, and Recreational Services

Adult Activities

Matching Share	\$	6,000	
Total Adult Activities			6,000

(Continued)

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance

Contributions	\$ 12,000	
Total Senior Citizens Assistance		\$ 12,000

Libraries

Supervisor/Director	\$ 28,462	
Clerical Personnel	56,289	
Custodial Personnel	386	
Social Security	6,513	
State Retirement	3,905	
Communication	3,973	
Maintenance and Repair Services - Buildings	3,114	
Postal Charges	375	
Printing, Stationery, and Forms	65	
Travel	55	
Custodial Supplies	2,020	
Library Books/Media	4,401	
Office Supplies	273	
Utilities	13,932	
Other Supplies and Materials	2,595	
Data Processing Equipment	58	
Office Equipment	705	
Other Equipment	12,037	
Total Libraries		139,158

Parks and Fair Boards

Contributions	\$ 12,493	
Total Parks and Fair Boards		12,493

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 22,693	
Secretary(ies)	5,080	
Custodial Personnel	69	
Social Security	5	
State Retirement	5,149	
Maintenance and Repair Services - Buildings	922	
Utilities	3,991	
Total Agriculture Extension Service		37,909

Soil Conservation

Contributions	\$ 30,000	
Total Soil Conservation		30,000

Other Operations

Tourism

Other Supplies and Materials	\$ 1,381	
Total Tourism		1,381

Industrial Development

Consultants	\$ 102	
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(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Contributions	\$	15,800	
Engineering Services		11,493	
Rentals		4,200	
Other Contracted Services		1,200	
Building Construction		234,535	
Site Development		52,415	
Total Industrial Development			\$ 319,745

Veterans' Services

Supervisor/Director	\$	19,310	
Social Security		1,477	
State Retirement		1,269	
Dues and Memberships		76	
Travel		1,013	
Other Contracted Services		399	
Office Supplies		390	
Total Veterans' Services			23,934

Other Charges

Employee and Dependent Insurance	\$	273,541	
Liability Insurance		152,363	
Trustee's Commission		111,896	
Workers' Compensation Insurance		199,473	
Total Other Charges			737,273

Contributions to Other Agencies

Maintenance and Repair Services - Buildings	\$	2,671	
Matching Share		9,950	
Total Contributions to Other Agencies			12,621

Employee Benefits

Unemployment Compensation	\$	25,340	
Total Employee Benefits			25,340

Miscellaneous

Dues and Memberships	\$	5,611	
Other Charges		100	
Total Miscellaneous			5,711

Capital Projects

Public Safety Projects

Consultants	\$	24,000	
Engineering Services		711	
Legal Notices, Recording, and Court Costs		15	
Site Development		85,456	
Total Public Safety Projects			110,182

Highway and Street Capital Projects

Bridge Construction	\$	20,164	
Total Highway and Street Capital Projects			20,164

Total General Fund \$ 8,664,348

(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	12,603	
Trustee's Commission		40	
Other Equipment		1,400	
Total County Buildings			\$ 14,043

Total Courthouse and Jail Maintenance Fund \$ 14,043

Solid Waste/Sanitation Fund

Public Health and Welfare

Transfer Stations

Accountants/Bookkeepers	\$	34,882	
Equipment Operators - Heavy		62,920	
Overtime Pay		1,857	
Social Security		7,328	
State Retirement		3,941	
Employee and Dependent Insurance		7,582	
Maintenance and Repair Services - Vehicles		19,417	
Contracts for Landfill Facilities		61,935	
Custodial Supplies		395	
Gasoline		23,626	
Office Supplies		1,499	
Utilities		7,326	
Other Supplies and Materials		5,188	
Premiums on Corporate Surety Bonds		100	
Trustee's Commission		4,390	
Landfill Closure/Postclosure Care Costs		8,926	
Total Transfer Stations			\$ 251,312

Total Solid Waste/Sanitation Fund 251,312

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	2,000	
Dues and Memberships		150	
Trustee's Commission		179	
Law Enforcement Equipment		8,579	
Total Drug Enforcement			\$ 10,908

Total Drug Control Fund 10,908

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	73,413	
Total Register of Deeds			\$ 73,413

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	191,132	
Total County Clerk's Office			191,132

(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	5,977	
Total Chancery Court			\$ 5,977

Total Constitutional Officers - Fees Fund \$ 270,522

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	64,613	
Secretary(ies)		55,297	
Overtime Pay		4,454	
Advertising		569	
Data Processing Services		7,059	
Dues and Memberships		2,366	
Evaluation and Testing		1,016	
Janitorial Services		1,307	
Laundry Service		876	
Postal Charges		410	
Printing, Stationery, and Forms		603	
Custodial Supplies		439	
Office Supplies		1,032	
Other Charges		1,374	
Data Processing Equipment		299	
Total Administration			\$ 141,714

Highway and Bridge Maintenance

Equipment Operators	\$	134,466	
Truck Drivers		228,752	
Laborers		212,477	
Overtime Pay		6,490	
Rentals		5,044	
Other Contracted Services		7,528	
Asphalt		151,146	
Asphalt - Cold Mix		54,266	
Concrete		17,850	
Crushed Stone		314,322	
Diesel Fuel		237,361	
Ice		89	
Pipe - Metal		17,739	
Road Signs		3,597	
Salt		4,967	
Small Tools		891	
Wood Products		4,934	
Other Supplies and Materials		2,845	
Other Charges		437	
Total Highway and Bridge Maintenance			1,405,201

Operation and Maintenance of Equipment

Mechanic(s)	\$	71,118	
Overtime Pay		218	

(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Freight Expenses	\$	1,392	
Maintenance and Repair Services - Equipment		9,535	
Towing Services		760	
Other Contracted Services		1,027	
Equipment and Machinery Parts		87,545	
Garage Supplies		7,682	
Gasoline		33,639	
Lubricants		22,816	
Small Tools		141	
Tires and Tubes		36,482	
Total Operation and Maintenance of Equipment			\$ 272,355

Other Charges

Communication	\$	9,407	
Pest Control		105	
Electricity		5,253	
Water and Sewer		1,871	
Liability Insurance		81,585	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		22,920	
Liability Claims		293	
Total Other Charges			121,784

Employee Benefits

Social Security	\$	48,380	
State Retirement		47,365	
Medical Insurance		68,364	
Unemployment Compensation		6,520	
Employer Medicare		11,315	
Workers' Compensation Insurance		49,556	
Total Employee Benefits			231,500

Capital Outlay

Engineering Services	\$	35,602	
General Construction Materials		1,379	
Bridge Construction		211,029	
Highway Construction		68,445	
Highway Equipment		40,573	
Total Capital Outlay			357,028

Capital Projects

<u>Highway and Street Capital Projects</u>			
Highway Construction	\$	127,943	
Total Highway and Street Capital Projects			127,943

Total Highway/Public Works Fund \$ 2,657,525

(Continued)

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Notes	\$ 91,344	
Principal on Other Loans	<u>508,445</u>	
Total General Government		\$ 599,789
<u>Highways and Streets</u>		
Principal on Notes	<u>\$ 360,204</u>	
Total Highways and Streets		360,204
<u>Education</u>		
Principal on Notes	<u>\$ 946,640</u>	
Total Education		946,640
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Notes	\$ 9,471	
Interest on Other Loans	<u>21,705</u>	
Total General Government		31,176
<u>Highways and Streets</u>		
Interest on Notes	<u>\$ 130,950</u>	
Total Highways and Streets		130,950
<u>Education</u>		
Interest on Notes	<u>\$ 172,276</u>	
Total Education		172,276
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 10,664	
Other Debt Service	<u>57,687</u>	
Total General Government		<u>68,351</u>
Total General Debt Service Fund		<u>\$ 2,309,386</u>
Total Governmental Funds - Primary Government		<u>\$ 14,178,044</u>

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	8,312,153	
Career Ladder Program		82,733	
Career Ladder Extended Contracts		28,275	
Homebound Teachers		32,488	
Educational Assistants		301,939	
Other Salaries and Wages		10,500	
Certified Substitute Teachers		74,320	
Non-certified Substitute Teachers		76,155	
Social Security		511,584	
State Retirement		759,255	
Life Insurance		5,649	
Medical Insurance		1,018,831	
Unemployment Compensation		18,270	
Employer Medicare		120,369	
Other Fringe Benefits		51,350	
Contracts with Other Public Agencies		9,706	
Contracts with Private Agencies		58,517	
Maintenance and Repair Services - Equipment		175,346	
Instructional Supplies and Materials		69,694	
Textbooks		291,775	
Fee Waivers		25,592	
Regular Instruction Equipment		204,832	
Total Regular Instruction Program			\$ 12,239,333

Alternative Instruction Program

Teachers	\$	90,588	
Career Ladder Program		1,000	
Educational Assistants		28,571	
Certified Substitute Teachers		1,186	
Non-certified Substitute Teachers		816	
Social Security		6,885	
State Retirement		8,447	
Life Insurance		58	
Medical Insurance		6,939	
Unemployment Compensation		279	
Employer Medicare		1,703	
Instructional Supplies and Materials		349	
Total Alternative Instruction Program			146,821

Special Education Program

Teachers	\$	1,044,052	
Career Ladder Program		3,083	
Homebound Teachers		6,733	
Educational Assistants		117,827	
Speech Pathologist		18,146	
Certified Substitute Teachers		4,560	
Non-certified Substitute Teachers		10,174	
Social Security		70,778	
State Retirement		102,640	

(Continued)

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	797	
Medical Insurance		130,216	
Unemployment Compensation		2,894	
Employer Medicare		16,573	
Other Fringe Benefits		26,828	
Contracts with Private Agencies		16,724	
Other Contracted Services		81,218	
Instructional Supplies and Materials		4,871	
Special Education Equipment		6,089	
Total Special Education Program			\$ 1,664,203

Vocational Education Program

Teachers	\$	528,977	
Career Ladder Program		2,000	
Certified Substitute Teachers		8,360	
Non-certified Substitute Teachers		5,024	
Social Security		30,782	
State Retirement		47,026	
Life Insurance		369	
Medical Insurance		69,015	
Unemployment Compensation		1,035	
Employer Medicare		7,271	
Contracts with Other School Systems		273,617	
Instructional Supplies and Materials		8,861	
Vocational Instruction Equipment		1,088	
Total Vocational Education Program			983,425

Adult Education Program

Teachers	\$	27,609	
Social Security		1,712	
State Retirement		1,814	
Unemployment Compensation		72	
Employer Medicare		400	
Other Supplies and Materials		1,292	
Total Adult Education Program			32,899

Support Services

Attendance

Supervisor/Director	\$	61,743	
Career Ladder Program		1,000	
Social Security		3,671	
State Retirement		5,572	
Life Insurance		15	
Medical Insurance		4,915	
Unemployment Compensation		72	
Employer Medicare		859	
Contracts with Private Agencies		9,648	
Travel		1,885	
Other Supplies and Materials		2,325	
Attendance Equipment		12,314	
Total Attendance			104,019

(Continued)

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Assistant(s)	\$	21,934	
Supervisor/Director		67,818	
Medical Personnel		155,853	
Social Security		14,192	
State Retirement		20,191	
Unemployment Compensation		771	
Employer Medicare		3,319	
Other Fringe Benefits		12,523	
Communication		1,200	
Travel		9,718	
Other Contracted Services		6,472	
Drugs and Medical Supplies		3,301	
Other Supplies and Materials		456	
Other Charges		6,749	
Health Equipment		4,340	
Total Health Services	\$		328,837

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		303,239	
Social Security		17,529	
State Retirement		27,460	
Life Insurance		173	
Medical Insurance		39,907	
Unemployment Compensation		432	
Employer Medicare		4,099	
Contracts with Government Agencies		149,062	
Evaluation and Testing		14,095	
Other Contracted Services		25,310	
Other Supplies and Materials		4,408	
Other Equipment		42,519	
Total Other Student Support			634,233

Regular Instruction Program

Supervisor/Director	\$	68,940	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		6,000	
Librarians		320,689	
Instructional Computer Personnel		67,997	
Clerical Personnel		18,808	
Other Salaries and Wages		45,925	
In-Service Training		4,476	
Social Security		31,750	
State Retirement		47,650	
Life Insurance		284	
Medical Insurance		43,437	
Unemployment Compensation		783	
Employer Medicare		7,425	
Travel		7,413	

(Continued)

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Library Books/Media	\$	28,422	
Other Supplies and Materials		24,917	
In Service/Staff Development		3,311	
Other Charges		47,601	
Other Equipment		20,426	
Total Regular Instruction Program			\$ 805,254

Alternative Instruction Program

Supervisor/Director	\$	35,340	
Unemployment Compensation		72	
Employer Medicare		512	
Travel		263	
Total Alternative Instruction Program			36,187

Special Education Program

Supervisor/Director	\$	65,963	
Career Ladder Program		3,000	
Psychological Personnel		57,598	
Assessment Personnel		54,358	
Clerical Personnel		23,582	
Social Security		8,664	
State Retirement		12,788	
Life Insurance		58	
Medical Insurance		16,386	
Unemployment Compensation		358	
Employer Medicare		2,772	
Travel		9,515	
In Service/Staff Development		998	
Total Special Education Program			256,040

Vocational Education Program

Other Salaries and Wages	\$	24,388	
Unemployment Compensation		72	
Employer Medicare		354	
Travel		2,079	
Other Supplies and Materials		1,567	
Total Vocational Education Program			28,460

Adult Programs

Supervisor/Director	\$	57,070	
Clerical Personnel		2,937	
Social Security		3,389	
State Retirement		5,236	
Life Insurance		27	
Medical Insurance		7,169	
Unemployment Compensation		71	
Employer Medicare		796	
Travel		1,696	
Other Supplies and Materials		1,129	
Other Charges		110	
Total Adult Programs			79,630

(Continued)

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-Behalf Payments to OPEB	\$ 115,981	
Total Other Programs		\$ 115,981

Board of Education

Other Salaries and Wages	\$ 650	
Board and Committee Members Fees	10,850	
Social Security	713	
State Retirement	43	
Unemployment Compensation	2	
Employer Medicare	167	
Payments to Retirees	28,080	
Audit Services	6,500	
Dues and Memberships	21,403	
Legal Services	9,049	
Travel	4,095	
Trustee's Commission	111,742	
Workers' Compensation Insurance	154,856	
Refund to Applicant for Criminal Investigation	2,658	
Other Charges	31,052	
Total Board of Education		381,860

Director of Schools

County Official/Administrative Officer	\$ 92,505	
Career Ladder Program	1,000	
Life Insurance	48	
Medical Insurance	5,929	
Unemployment Compensation	72	
Employer Medicare	1,442	
Communication	19,970	
Dues and Memberships	1,533	
Postal Charges	5,088	
Travel	1,144	
Other Contracted Services	2,723	
Office Supplies	6,858	
Total Director of Schools		138,312

Office of the Principal

Principals	\$ 514,157	
Career Ladder Program	7,000	
Accountants/Bookkeepers	151,327	
Assistant Principals	225,196	
Clerical Personnel	196,786	
Social Security	64,643	
State Retirement	84,154	
Life Insurance	333	
Medical Insurance	67,999	
Unemployment Compensation	2,155	
Employer Medicare	15,122	
Other Fringe Benefits	20,975	

(Continued)

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Communication	\$	2,383	
Travel		238	
Total Office of the Principal			\$ 1,352,468

Fiscal Services

Accountants/Bookkeepers	\$	71,360	
Clerical Personnel		98,038	
Social Security		10,045	
State Retirement		11,153	
Medical Insurance		6,482	
Unemployment Compensation		399	
Employer Medicare		2,349	
Other Fringe Benefits		3,985	
Data Processing Services		8,927	
Travel		634	
Other Contracted Services		1,100	
Data Processing Supplies		2,027	
Office Supplies		688	
Administration Equipment		2,560	
Total Fiscal Services			219,747

Operation of Plant

Custodial Personnel	\$	550,001	
Other Salaries and Wages		10,751	
Social Security		33,068	
State Retirement		33,159	
Unemployment Compensation		2,184	
Employer Medicare		7,744	
Other Fringe Benefits		51,473	
Contracts with Private Agencies		15,812	
Maintenance and Repair Services - Equipment		28,826	
Disposal Fees		29,700	
Custodial Supplies		117,372	
Electricity		628,332	
Natural Gas		77,689	
Propane Gas		2,796	
Water and Sewer		123,682	
Other Supplies and Materials		4,409	
Building and Contents Insurance		179,266	
Total Operation of Plant			1,896,264

Maintenance of Plant

Supervisor/Director	\$	38,500	
Clerical Personnel		23,336	
Maintenance Personnel		205,465	
Other Salaries and Wages		1,110	
Social Security		15,712	
State Retirement		14,703	
Medical Insurance		4,131	

(Continued)

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Unemployment Compensation	\$	724	
Employer Medicare		3,674	
Other Fringe Benefits		31,880	
Travel		1,565	
Other Contracted Services		58,495	
Other Supplies and Materials		166,497	
Maintenance Equipment		6,240	
Total Maintenance of Plant			\$ 572,032

Transportation

Supervisor/Director	\$	38,500	
Mechanic(s)		140,550	
Bus Drivers		532,216	
Other Salaries and Wages		18,420	
Social Security		43,025	
State Retirement		36,757	
Unemployment Compensation		2,964	
Employer Medicare		10,465	
Other Fringe Benefits		3,985	
Medical and Dental Services		6,989	
Travel		1,404	
Diesel Fuel		330,198	
Garage Supplies		44,614	
Lubricants		6,984	
Tires and Tubes		44,229	
Vehicle Parts		174,072	
Other Charges		12,371	
Transportation Equipment		260,908	
Total Transportation			1,708,651

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	60,870	
Career Ladder Program		1,000	
In-Service Training		1,390	
Social Security		3,705	
State Retirement		5,494	
Life Insurance		29	
Medical Insurance		8,850	
Unemployment Compensation		50	
Employer Medicare		866	
Communication		791	
Payments to Schools - Breakfast		318,592	
Payments to Schools - Lunch		934,601	
Payments to Schools - Other USDA		11,492	
Travel		575	
USDA - Commodities		77,072	
Other Charges		1,690	
Total Food Service			1,427,067

(Continued)

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department (Cont.)

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Supervisor/Director	\$	3,003	
Teachers		131,366	
Clerical Personnel		2,082	
Educational Assistants		42,363	
Certified Substitute Teachers		160	
Non-certified Substitute Teachers		3,340	
Social Security		10,424	
State Retirement		14,494	
Life Insurance		87	
Medical Insurance		18,958	
Unemployment Compensation		504	
Employer Medicare		2,439	
Other Contracted Services		2,901	
Instructional Supplies and Materials		37,665	
In Service/Staff Development		5,368	
Other Equipment		10,490	
Total Early Childhood Education			\$ 285,644

Capital Outlay

Regular Capital Outlay

Architects	\$	12,350	
Building Construction		5,977	
Building Improvements		51,682	
Other Capital Outlay		57,871	
Total Regular Capital Outlay			127,880

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	909,982	
Total Education			909,982

Total General Purpose School Fund \$ 26,475,229

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	54,087	
Educational Assistants		405,374	
Certified Substitute Teachers		4,120	
Non-certified Substitute Teachers		11,348	
Social Security		27,023	
State Retirement		26,405	
Life Insurance		29	
Medical Insurance		6,750	
Unemployment Compensation		2,372	
Employer Medicare		6,590	
Other Contracted Services		9,971	
Instructional Supplies and Materials		179,226	
Regular Instruction Equipment		239,413	
Total Regular Instruction Program			\$ 972,708

(Continued)

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department (Cont.)

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Educational Assistants	\$	435,563	
Other Salaries and Wages		10,710	
Social Security		26,074	
State Retirement		27,822	
Medical Insurance		5,856	
Unemployment Compensation		2,289	
Employer Medicare		6,098	
Contracts with Private Agencies		2,258	
Maintenance and Repair Services - Equipment		1,660	
Other Contracted Services		84,658	
Instructional Supplies and Materials		17,746	
Other Supplies and Materials		1,203	
Special Education Equipment		12,963	
Total Special Education Program			\$ 634,900

Vocational Education Program

Vocational Instruction Equipment	\$	55,723	
Total Vocational Education Program			55,723

Support Services

Other Student Support

Other Salaries and Wages	\$	2,000	
Social Security		124	
State Retirement		180	
Employer Medicare		30	
Travel		16,702	
Other Charges		21,232	
Total Other Student Support			40,268

Regular Instruction Program

Supervisor/Director	\$	67,211	
Clerical Personnel		25,798	
Other Salaries and Wages		293,394	
In-Service Training		7,000	
Social Security		19,941	
State Retirement		29,898	
Life Insurance		170	
Medical Insurance		25,348	
Unemployment Compensation		628	
Employer Medicare		5,389	
Other Contracted Services		22,229	
Other Supplies and Materials		1,295	
In Service/Staff Development		96,411	
Other Equipment		15,921	
Total Regular Instruction Program			610,633

Special Education Program

Other Salaries and Wages	\$	4,196	
In-Service Training		157	

(Continued)

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Social Security	\$	250	
State Retirement		378	
Life Insurance		2	
Medical Insurance		425	
Employer Medicare		59	
Travel		1,250	
Other Contracted Services		75,857	
Other Supplies and Materials		8,768	
In Service/Staff Development		9,967	
Total Special Education Program			\$ 101,309

Transportation

Bus Drivers	\$	20,056	
Other Salaries and Wages		28,357	
Social Security		2,870	
State Retirement		1,612	
Unemployment Compensation		290	
Employer Medicare		671	
Total Transportation			53,856

Total School Federal Projects Fund \$ 2,469,397

Total Governmental Funds - Macon County School Department \$ 28,944,626

Exhibit J-9

Macon County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,529,735
Total Cash Receipts	<u>\$ 1,529,735</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,514,438
Trustee's Commission	15,297
Total Cash Disbursements	<u>\$ 1,529,735</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2012	<u>0</u>
 Cash Balance, June 30, 2013	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditor's Report

Macon County Mayor and
Board of County Commissioners
Macon County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Macon County's basic financial statements, and have issued our report thereon dated September 16, 2013. Our report includes a reference to other auditors who audited the financial statements of the Macon County Emergency Communications District, a discretely presented component unit of Macon County, as described in our report on Macon County's financial statements. This report does not include the results or the other auditors' testing of internal controls over financial reporting or compliance or other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Macon County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Macon County's internal control. Accordingly, we do not express an opinion on the effectiveness of Macon County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2013-001 and 2013-003.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-002(A,B), 2013-004, 2013-005(B), 2013-006, 2013-007, 2013-009, and 2013-010.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Macon County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-002(C), 2013-005(A), and 2013-008.

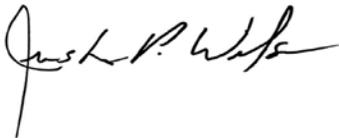
Macon County's Response to Findings

Macon County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Macon County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Macon County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 16, 2013

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Macon County Mayor and
Board of County Commissioners
Macon County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Macon County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Macon County's major federal programs for the year ended

June 30, 2013. Macon County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Macon County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of

the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Macon County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination of Macon County's compliance.

Opinion on Each Major Federal Program

In our opinion, Macon County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Macon County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Macon County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Macon County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we

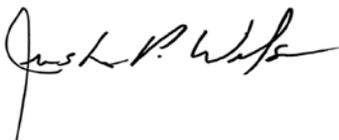
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Macon County's basic financial statements. We issued our report thereon dated September 16, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 16, 2013

JPW/yu

Macon County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Communities Facilities Loans and Grants	10.766	N/A	\$ 10,000
Emergency Watershed Protection Program, Recovery Act	10.923	N/A	67,487
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	77,072 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	318,592
National School Lunch Program	10.555	(2)	941,672 (3)
Child Nutrition Discretionary Grants Limited Availability	10.579	(2)	11,492
Total U.S. Department of Agriculture			\$ 1,426,315
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	(2)	\$ 186,302
Home Investment Partnerships Program	14.239	(2)	237,162
Total U.S. Department of Housing and Urban Development			\$ 423,464
U.S. Department of Transportation:			
Passed through Tennessee Secretary of State:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	(2)	\$ 4,580
Total U.S. Department of Transportation			\$ 4,580
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 65,035
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(2)	1,386,699
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	799,603
Special Education - Preschool Grants	84.173	(2)	29,897
Vocational Education - Basic Grants to States	84.048	(2)	74,759
Education Technology State Grants	84.318	(2)	2,448
Improving Teacher Quality State Grants	84.367	(2)	128,955
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	94,040
Passed-through Wilson County School Department:			
English Language Acquisition Grants	84.365	(2)	9,399
Total U.S. Department of Education			\$ 2,590,835
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 44,796
Total U.S. Department of Homeland Security:			\$ 44,796
Total Expenditures of Federal Grants			\$ 4,489,990

(Continued)

Macon County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Early Childhood Education - Pilot/State - State Department of Education	N/A	(2)	\$ 285,643
Safe Schools Act - State Department of Education	N/A	(2)	21,400
Energy Efficiency Schools Initiative Grant - State Department of Education	N/A	(2)	15,812
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	11,917
Rural Health Services - State Department of Health	N/A	(2)	77,394
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	21,678
Litter Program - State Department of Transportation	N/A	(2)	43,000
Student Ticket Subsidy - State Arts Commission	N/A	(2)	1,323
Juvenile Justice - State Commission on Children and Youth	N/A	(2)	<u>13,500</u>
Total State Grants			<u>\$ 491,667</u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,018,744.

Macon County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Macon County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.03	142	The Codes Enforcement Office did not have adequate controls for its computer application

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.06	144	Deficiencies were noted in the maintenance of accounting records

OFFICE OF REGISTER OF DEEDS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.07	145	The office maintained a duplicate set of accounting records

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.08(B)	146	Several transactions were not posted to the official cash journal
12.11	149	The sheriff did not obtain a letter of agreement or court decree to authorize deputy hires

OFFICES OF COUNTY MAYOR; SUPERVISOR OF ROADS; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; AND REGISTER OF DEEDS

Finding Number	Page Number	Subject
12.14	151	Duties were not segregated adequately

OFFICES OF COUNTY CLERK AND REGISTER OF DEEDS

Finding Number	Page Number	Subject
12.15	152	Multiple employees operated from the same cash drawer

MACON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An unmodified opinion was issued on the financial statements of Macon County.
2. The audit of the financial statements of Macon County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit did not disclose any instances of noncompliance that are material to the financial statements of Macon County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), and the Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Macon County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor, director of schools, and sheriff provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2013-001

MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION (Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2013, certain general ledger account balances of the General Fund were not materially correct, and audit adjustments totaling \$638,172 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Macon County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Macon County should have appropriate processes in place to ensure that its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

This finding was a result of the Emergency Management System (EMS) computer system being down for a number of days at and following the fiscal year-end. Due to this situation, the EMS receivables had to be estimated by our certified public accountant who assists us with year-end closeout. Once the computer system was functioning, we discovered that our accountant's estimate was too low thus requiring an audit adjustment of \$638,172.

FINDING 2013-002

THE CODES ENFORCEMENT OFFICE DID NOT HAVE ADEQUATE CONTROLS FOR ITS COMPUTER APPLICATION

(A. and B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; C. – Noncompliance Under *Government Auditing Standards*)

The following computer application deficiencies were identified:

- A. The computer application did not provide a record of changes to previously issued receipts and permits. Users had the capability to change information on receipts and permits, leaving no evidence of the original information.
- B. Permits and receipts could be deleted from the application, leaving no evidence of the original transaction.
- C. In-lieu-of using prenumbered receipt stock, the office generated receipts on plain paper. Because the software did not generate receipt numbers, but instead allowed the user to assign receipt numbers, duplicate receipt numbers could be assigned or a gap in receipt numbers could be created. This is a violation of Section 9-2-103, *Tennessee Code Annotated*, which provides for receipts to be prenumbered consecutively. In-lieu-of prenumbered receipts, computer-generated receipts may be printed on plain paper only if the receipt number is generated by the software and cannot be manipulated.

Sound business practices dictate that proper application controls be implemented. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. Since the vendor did not design the system with proper controls, inappropriate system activity could occur.

RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the computer application that would provide an audit trail for any changes to receipts or permits. The capability of deleting permits and receipts should be removed from the application. Instead, an option to void receipts that properly reflects receipt activity on the daily reports should be implemented. The application should assign receipt numbers that cannot be manipulated by the user. These controls would help to ensure the reliability and integrity of the information maintained by the system.

OFFICE OF SUPERVISOR OF ROADS

FINDING 2013-003

MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2013, certain general ledger account balances of the Highway/Public Works Fund were not materially correct, and audit adjustments totaling \$185,120 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Macon County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Macon County should have appropriate processes in place to ensure that its general ledgers are materially correct.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2013-004

THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The School Federal Projects Fund had a cash overdraft of \$11,231 at June 30, 2013. Sound business practices dictate that expenditures be held within available funds. The cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

RECOMMENDATION

The School Department should not issue warrants in excess of cash on deposit with the county trustee.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

This is due to a request for reimbursement of Title I federal dollars being filed and not received by June 30, 2013. For fiscal year 2013-14, we have taken steps to prevent this situation from happening again. The School Department will not issue warrants in excess of cash on deposit with the county trustee.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2013-005

DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF ACCOUNTING RECORDS

(A. – Noncompliance Under *Government Auditing Standards*;
B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in the maintenance of accounting records in the Office of Circuit, General Sessions, and Juvenile Courts Clerk:

- A. At June 30, 2013, the circuit, general sessions, and juvenile courts clerk prepared execution docket trial balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. However, these trial balances did not reconcile with the general ledgers. The clerk had unidentified balances of \$1,084, \$431, and \$5,153 in Circuit, General Sessions, and Juvenile Courts, respectively. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, *TCA*, as it relates to the execution docket balances. This statute provides that any funds held by the courts for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office.
- B. The Office of Circuit, General Sessions, and Juvenile Courts Clerk maintains a cash drawer for each court; however, all employees in the office have access to each of the cash drawers. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to that employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the clerk would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer.

The deficiencies noted above exist because management failed to correct the findings noted in the prior-year audit report.

RECOMMENDATION

The clerk should reconcile the trial balance of execution docket cause balances with general ledger accounts. To strengthen internal controls over cash collections, the clerk should assign each employee their own cash drawer in each court.

OFFICE OF REGISTER OF DEEDS

FINDING 2013-006

THE OFFICE MAINTAINED A DUPLICATE SET OF ACCOUNTING RECORDS

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office maintained a complete set of manual and automated accounting records. Both manual and electronic records are often maintained when electronic records are first installed to ease implementation problems that might arise. However, once electronic records are fully functional, sound business practices dictate that the manual records be discontinued. Maintaining both manual and electronic records resulted in increased costs for operations. The practice of keeping a duplicate set of accounting records is the result of management's decision. Also, this deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The office should discontinue maintaining a duplicate set of accounting records. Accounting records should be maintained electronically, giving consideration to the costs associated with the acquisition, on-going maintenance of the computer system, and additional labor costs for maintaining manual accounting records.

OFFICE OF SHERIFF

FINDING 2013-007

SEVERAL TRANSACTIONS WERE NOT POSTED TO THE OFFICIAL CASH JOURNAL

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination of accounting records revealed one receipt (\$1,271) and four checks (\$2,148) were not posted to the official cash journal. Sound business practices require all transactions to be posted to the official cash journal to properly reflect operations and properly reconcile cash balances at the end of each month. This deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

All financial transactions should be posted to the official cash journal.

MANAGEMENT'S RESPONSE – SHERIFF

These items have now been posted to the cash journal.

FINDING 2013-008

THE SHERIFF DID NOT OBTAIN A LETTER OF AGREEMENT OR COURT DECREE TO AUTHORIZE DEPUTY HIRES

(Noncompliance Under *Government Auditing Standards*)

On October 1, 2012, the sheriff prepared and signed a letter of agreement; however, the agreement was never signed by the county mayor. Section 8-20-101, *Tennessee Code Annotated*, requires the sheriff to enter into a letter of agreement with the county mayor concerning the number and the salaries of deputies or to file suit in Circuit Court. This noncompliance is the result of the sheriff and county mayor not reaching a formal agreement on the number and salaries of deputies.

RECOMMENDATION

The sheriff should obtain a letter of agreement with the county mayor or petition Circuit Court for the number and salaries of deputies as required by state statute.

MANAGEMENT'S RESPONSE – SHERIFF

We did find evidence this was actually done by the former bookkeeper and signed by the sheriff but the bookkeeper never sent it up for the mayor's signature. The letter of agreement has already been done for the current year and sent to the Mayor's Office for his signature.

OFFICES OF COUNTY MAYOR; SUPERVISOR OF ROADS; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; AND REGISTER OF DEEDS

FINDING 2013-009

DUTIES WERE NOT SEGREGATED ADEQUATELY

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the officials and employees in the Offices of County Mayor; Supervisor of Roads; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; and Register of Deeds. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Based on the availability of financial resources, the number of personnel in this office has been at the same level for several years. Due to the current economic factors and other budgetary concerns, we do not foresee an increase in personnel in the immediate future. We will continue to perform and monitor procedures that enable us to perform office duties adequately without additional personnel.

AUDITOR'S COMMENT

We have not recommended hiring additional employees. We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, our professional standards require that we bring this matter to your attention.

OFFICES OF COUNTY CLERK AND REGISTER OF DEEDS

FINDING 2013-010

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Offices of the County Clerk and Register of Deeds. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to that employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should assign each employee their own cash drawer.

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Macon County.

ITEM 1. MACON COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Macon County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

ITEM 2. MACON COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Macon County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

**MACON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2013**

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.